
**BIRCHTREE INVESTMENTS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024
(EXPRESSED IN CANADIAN DOLLARS)**

INTRODUCTION

Birchtree Investments Ltd. (previously Greenridge 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 is an investment company with the long-term goal of divesting its investment assets at a profit. Its investment focus is on (i) companies in early stages of 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 filed a notice of alteration of its articles in order to change its name to "Birchtree Investments Ltd." 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. 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 financial statements are presented as a continuance of Limited. The Company began trading on the Canadian Securities Exchange ("CSE") under the trading symbol "BRCH" as of market open on March 1, 2023.

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

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of the Company constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended August 31, 2024. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations.

This MD&A should be read in conjunction with the audited financial statements of the Company for the year ended August 31, 2024, together with the notes thereto.

For the purposes of preparing this MD&A, management, in conjunction with the board of directors 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 Birchtree'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 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 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.

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

When equity investments are 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 operates as an investment company, rather than an investment fund. The Company seeks to invest, wherever practicable, where its representatives can be actively involved in the management of the acquiree including board representation or board observation rights.

The Company's aim is 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 invests 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,

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early or strategic stage financing will allow later rounds to provide liquidity if need be, thereby lowering risk.

The Company invests in various companies/industries and focuses 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 specialists (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 investments outside of these disciplines as it sees fit for the benefit of the Company.

OPERATIONAL HIGHLIGHTS

Corporate Highlights

During the year ended August 31, 2024, the Company reported net income of \$2,757,485 (compared with a net loss of \$835,874 last year). The excellent year-to-date performance has resulted in 180% increase in shareholders' equity since August 31, 2023 and is mainly attributed to the Company's investment in American Aires Inc. On September 26, 2023, the Company converted all its outstanding convertible debenture balance of \$578,000 plus accrued interest of \$20,713 into 6,652,366 common shares of American Aires Inc. at a price of \$0.09 per share. On February 16, 2024, the Company participated in a private placement where it purchased 5,624,587 units of American Aires (each unit consisting of one common share and one warrant) for \$843,688. During the year ended August 31, 2024, the Company sold 7,062,338 common shares of American Aires for total proceeds of \$1,507,840 realizing a gain of \$517,985. The addition of these new shares and warrants, successful dispositions, coupled with the explosive growth in the stock price of American Aires to \$0.415 on August 31, 2024, have resulted in a combined realized and unrealized gain/(loss) of \$4,425,552 for the year ended August 31, 2024. The strong performance of American Aires has positively contributed to the overall performance of the Company over the first three quarters of the year. The Company remains on full alert with respect to American Aires Inc. and may crystallize the gains at the right moment, as determined by management.

On September 28, 2023, the CFO of the Company (Marrelli Support Services Inc.) resigned. This vacant position was filled by an existing director of the Company on September 30, 2023. On October 2, 2023, the new CFO was issued 1,000,000 stock options of the Company with an exercise price of \$0.05 per share and expiry date of October 2, 2026. With the resignation of Marelli Support Service Inc. on September 28, 2023, all accounting and bookkeeping is performed in-house by one of the existing directors of the Company.

In November 2023, the Company exited its entire position in ThreeD Capital Inc. This transaction was part of a strategic decision to rebalance the portfolio to redeploy capital into other portfolio companies with a higher upside potential. Refer to "Investment Portfolio" section for further details.

In February 2024, the Company exited its entire position in Xebra Brands Inc. This transaction was part of a strategic decision to rebalance the portfolio to redeploy capital into other portfolio companies with a higher upside potential. Refer to "Investment Portfolio" section for further details.

On March 29, 2024, the Company acquired an aggregate of 795,926 common shares in the capital of a private company, Valkyrie Specialty Corporation. Refer to "Investment Portfolio" section for further details.

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INVESTMENT PORTFOLIO

The fair value and cost of investments are as follows as at August 31, 2024 and 2023:

Investment	August 31, 2023				August 31, 2024				Change in Unrealized / Realized P&L Impact
	Number	Cost	FMV	Unrealized	Number	Cost	FMV	Unrealized	
ThreeD Capital Inc. Common Shares	106,082	\$ 121,995	\$ 34,477	\$ (87,518)	-	\$ -	\$ -	\$ -	\$ 5,254
Ehave Inc. Common Shares	1,743,861	\$ 350,000	\$ 235	\$ (349,765)	1,743,861	\$ 350,000	\$ 1,647	\$ (348,353)	\$ 1,411
Xebra Brands Ltd. Common Shares	350,000	\$ 281,936	\$ 7,000	\$ (274,936)	-	\$ -	\$ -	\$ -	\$ 10,500
Boba Mint Holdings Ltd. Common Shares	10,000,000	\$ 500,000	\$ 500,000	\$ -	11,000,000	\$ 550,000	\$ 55,000	\$ (495,000)	\$ (495,000)
American Aires Common Shares	4,100,000	\$ 391,145	\$ 41,000	\$ (350,145)	5,624,615	\$ 447,730	\$ 2,334,215	\$ 1,886,485	\$ 2,754,614
Warrants	18,810,000	\$ -	\$ 65,008	\$ 65,008	7,505,587	\$ 395,960	\$ 2,131,906	\$ 1,735,946	\$ 1,670,938
Firstpayment Inc. Common Shares	600,000	\$ 150,000	\$ 30,000	\$ (120,000)	600,000	\$ 150,000	\$ 30,000	\$ (120,000)	\$ -
Warrants	300,000	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -
Somerset Energy Common Shares	1,670,000	\$ 501,000	\$ 751,500	\$ 250,500	1,670,000	\$ 501,000	\$ 584,500	\$ 83,500	\$ (167,000)
Warrants	835,000	\$ -	\$ 83,918	\$ 83,918	-	\$ -	\$ -	\$ -	\$ (83,918)
Valkyrie Specialty Common Shares	-	\$ -	\$ -	\$ -	795,926	\$ 1,074,500	\$ 1,074,500	\$ -	\$ -
Total		\$ 2,296,076	\$ 1,513,138	\$ (782,938)		\$ 3,469,190	\$ 6,211,768	\$ 2,742,578	\$ 3,696,800

Investment in ThreeD Capital Inc. ("ThreeD")

As at August 31, 2023, the Company had 106,082 common shares of ThreeD. During the year ended August 31, 2024, the Company sold its entire position in ThreeD for total proceeds of \$39,730 as part of portfolio rebalancing. The investment in common shares is measured at Level 1 in the fair value hierarchy. As a result of this disposition, a realized loss of \$82,265 was booked in the statement of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

Investment in Ehave, Inc. ("Ehave")

Prior to fiscal year 2023 and as at the years ended August 31, 2023 and 2024, the Company had 1,743,861 common shares of Ehave. The investment in common shares is measured at Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the shares held in Ehave an unrealized gain of \$1,411 (August 31, 2023 – loss \$15,540) has been recorded in the statement of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

Investment in Xebra Brands Ltd. ("Xebra")

As at August 31, 2023, the Company had 350,000 common shares of Xebra. During the year ended August 31, 2024, the Company sold its entire position in Xebra for total proceeds of \$17,500 as part of portfolio rebalancing. As a result of this disposition a realized loss of \$264,436 was booked in the statement of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

Investment in Boba Mint Holdings Ltd. ("Boba Mint")

As at August 31, 2023, the Company had 10,000,000 common shares of Bluecorp. During the year ended August 31, 2024, the Company purchased an additional 1,000,000 common shares of Bluecorp for \$50,000. During the year ended August 31, 2024, Bluecorp was acquired by Snowy Owl Gold Corp. and continued under the new brand Boba Mint Holdings Ltd. On April 26, 2024, Boba Mint was approved for CSE listing and began trading on the stock exchange. Investment in these common shares is measured at Level 1 in the fair value hierarchy (2023 – Level 3 as Bluecorp

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was a private company). As a result of changes in the fair market value of Boba Mint an unrealized loss of \$495,000 (August 31, 2023 - unrealized loss of \$500,000) has been recorded in the statement of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

Investment in American Aires Inc. ("American Aires")

As at August 31, 2023, the Company held 4,100,000 common shares and 18,810,000 common share purchase warrants (warrants) of American Aires. During the year ended August 31, 2024, the Company had the following transactions with respect to American Aires:

- On September 12, 2023, American Aires Inc. performed a 10:1 stock consolidation which resulted in the Company's holdings changing from 4,100,000 common shares and 18,810,000 warrants to 410,000 common shares and 1,881,000 warrants.
- On September 26, 2023, the Company converted all its outstanding convertible debenture balance of \$578,000 plus accrued interest of \$20,713 into 6,652,366 common shares of American Aires Inc. at a price of \$0.09 per share.
- On February 16, 2024, the Company participated in a private placement where it purchased 5,624,587 units of American Aires (each unit consisting of one common share and one warrant) for \$843,688. The warrants are exercisable at a price of \$0.25 per share for a period of 2 years. Based on the proportionate fair values of the common shares and warrants in the units purchased, the Company assigned \$447,728 of the purchase price to the cost of the common shares and \$395,960 to warrants. Although American Aires is a related party due to common management, this is not a related party transaction as the same terms and conditions were offered to, and availed by, other non-related parties. As at August 31, 2024, a fair value of \$2,131,906 was assigned to these warrants, estimated using the Black-Scholes valuation model with the following assumptions: dividend yield 0%, share price of \$0.415, expected volatility range of 142% to 204%, a risk-free rate of return range 3.55% to 4.27% and an expected life range of 0.40 to of 1.47 years.
- During the year ended August 31, 2024, the Company sold 7,062,338 common shares of American Aires for total proceeds of \$1,507,840 realizing a gain of \$517,985

The investment in common shares is measured at Level 1 in the fair value hierarchy. As a result of changes in the fair market value of the shares held in American Aires a combined unrealized and realized gain of \$2,754,614 (August 31, 2023 – unrealized loss \$143,500) has been recorded in the statement of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

The investment in warrants is measured at Level 2 in the fair value hierarchy. As a result of changes in the fair market value of the warrants held in American Aires an unrealized gain of \$1,670,938 (August 31, 2023 – unrealized loss of \$45,960) has been recorded in the statement of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

Investment in Firstpayment Inc. ("Firstpayment")

As at August 31, 2023 and August 31, 2024, the Company had 600,000 common shares of Firstpayment. There were no transactions involving Firstpayment during the year ended August 31, 2024, except for 300,000 outstanding warrants with a fair value of \$nil (2023 - \$nil) expiring unexercised on October 29, 2023. The investment in these common shares is measured at Level 3 in the fair value hierarchy as Firstpayment is a private company. As a result of no changes in the fair market value of Firstpayment during the year ended August 31, 2024 an unrealized gain/loss of \$nil (2023 – unrealized loss of \$120,000) has been recorded in the statements of income (loss) and comprehensive income (loss).

Somerset Energy Partners ("Somerset")

As at August 31, 2023 and August 31, 2024, the Company held 1,670,000 common shares of Somerset. At the end of the prior year, it also held 835,000 warrants with a fair value of \$83,918 that expired unexercised on December 20, 2023. The investment in these common shares is measured at 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's common shares an unrealized loss of \$167,000 (2023 – unrealized gain \$360,865) has been recorded in the statements of income (loss) and comprehensive

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income (loss) during the year ended August 31, 2024. Due to the expiry of the Somerset warrants the prior year unrealized gain of \$83,918 was reversed to an unrealized loss in the current year.

Valkyrie Specialty Corporation (“Valkyrie”)

On March 29, 2024, the Company acquired an aggregate of 795,926 common shares in the capital of a private British Columbia company that is the sole shareholder of Valkyrie Specialty Corporation. Pursuant to a share exchange agreement (the “SEA”) dated March 23, 2024, the Company issued to Valkyrie an aggregate of 5,000,000 common shares at a deemed price of \$0.115 per share, in exchange for 425,926 common shares of Valkyrie at a deemed price of \$1.35 per share. In addition, the Company subscribed for an additional 370,000 common shares in the capital of Valkyrie at a price of \$1.35 per share for \$499,500. The investment in these common shares is measured at Level 3 in the fair value hierarchy as Valkyrie is a private company. As there have been no changes in the fair market value of Valkyrie an unrealized gain/loss of \$nil has been recorded in the statements of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

TRENDS AND ECONOMIC CONDITIONS

The Company's future performance is largely tied to the performance of its 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. 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.

SELECTED ANNUAL FINANCIAL INFORMATION

August 31	2024	2023	2022
Total assets	6,454,948	2,215,095	2,972,503
Total liabilities	587,002	120,065	109,814
Working capital (deficiency)	34,905	(11,879)	714,824
Net income (loss) (1) (2) (3)	2,757,485	(835,874)	866,600
Net income (loss) per share, basic and diluted	0.03	(0.01)	0.01

(1) The net income of \$2,757,485 for the year ended August 31, 2024, principally consists of (i) interest income of \$4,941, (ii) realized gain on sale of investments of \$171,285, (iii) unrealized gain on investments of \$3,525,516, (iv) \$65,000 consulting fee income offset by (v) professional fees of \$287,270, (vi) office and general expenses of \$52,710, (vii) investor relations fees of \$25,119, (viii) share-based compensation of \$440,431 and (ix) \$203,727 deferred income tax.

(2) The net loss of \$835,874 for the year ended August 31, 2023, principally consists of (i) interest income of \$60,105, offset by (ii) unrealized loss on investments of \$634,728, (iii) professional fees of \$164,110, (iv) office and general expenses of \$10,344, (v) investor relations fees of \$35,382 and (vi) share-based compensation of \$51,415.

(3) The net income of \$866,600 for the year ended August 31, 2022, principally consists of (i) a realized gain on sale of investments of \$515,193; (ii) accretion and interest income of \$214,084, offset by (iii) unrealized gain on investments of \$322,724, (iv) professional fees of \$176,580, (v) office and general expenses of \$1,517, and (vi) investor relations fees of \$7,304 & (vii) share based compensation of \$176,580.

SELECTED QUARTERLY INFORMATION

Three Months Ended	Total Assets (\$)	Net Income (Loss)	
		Total (\$)	Per Share (\$)
August 31, 2024	6,454,948	(6,291,983)	(0.08)
May 31, 2024	12,381,839	(3,384,515)	(0.05)
February 29, 2024	15,055,051	11,669,980	0.15
November 30, 2023	2,989,224	764,003	0.01
August 31, 2023	2,215,094	(480,849)	(0.01)
May 31, 2023	2,710,870	41,685	(0.00)
February 28, 2023	2,610,647	(368,888)	(0.00)
November 30, 2022	2,875,616	(27,822)	(0.00)

RESULTS OF OPERATIONS

Three months ended August 31, 2024, compared with three months ended August 31, 2023

The Company's net income (loss) totaled \$(6,291,983) for the three months ended August 31, 2024 compared to \$(480,849) for the three months ended August 31, 2023. The significant highlights are as follows:

- The unrealized loss on investments amounted to \$5,349,521 compared to unrealized loss of \$485,017 in the comparative period which is mainly attributed to the decrease in the fair market value of American Aires in the current period. In addition, Boba Mint (previously Bluecorp) went public during Q3 and the publicly traded price of its stock decreased in comparison to the value recorded in previous quarters. Further, there was a decrease in the fair market value of Somerset. The unrealized loss is attributable to the general market and economic conditions and could potentially reverse during the investment hold period.
- Investor relations expenses decreased 83% to \$3,890 versus \$23,175 in the comparative period and is 100% attributed to the Company going public last year and therefore incurring additional costs. Office and general expenses increased to \$8,852 from \$4,310 in the comparative period and is attributed mainly to the Company obtaining D&O insurance for its directors and officers and also incurring additional cost in the advertising and promotion space. Professional fees increased to \$78,070 from \$49,739 in the comparative period and is mainly attributed to the increased management fees. The Company continues to be focused on prudent management of its costs.

Year ended August 31, 2024, compared with year ended August 31, 2023

The Company's net income (loss) totaled \$2,757,485 for the year ended August 31, 2024 compared to \$(835,874) for the year ended August 31, 2023. The significant highlights are as follows:

- The unrealized gain on investments amounted to \$3,525,516 compared to unrealized loss of \$634,728 in the comparative year which is mainly attributed to the increase in the fair market value of American Aires. Please refer to sections "Operational Highlights" and "Investment Portfolio" for more details of the performance of American Aires. The unrealized gain is attributable to the general market and economic conditions and could potentially reverse during the investment hold period.
- Investor relations expenses decreased 29% to \$25,119 from \$35,382 in the prior year and is mainly attributed to the Company incurring more costs in the prior year in preparation of going public on March 1, 2023. Office and general expenses increased to \$52,710 compared to \$10,334 last year and is attributed mainly to the Company obtaining D&O insurance for its directors and officers and also incurring additional cost in the advertising and promotion space as well as interest expense on its loans. Professional fees increased to \$287,270 compared to \$164,110 in the comparative year and is mainly attributed to increased management fees in addition to one-time termination fee of the outgoing CFO, Marelli Support Service Inc. In addition, the Company incurred \$440,431 in share-based compensation as a result of the restricted share units ("RSUs") and stock options

granted to its directors and officers compared to \$51,415 in stock options granted in the comparative period. The Company continues to be focused on prudent management of its costs.

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 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. In addition, the vast majority of its investments are Level 1 securities which can be sold in the open market to generate additional cash needed to meet upcoming liabilities and/or other working capital or investment needs. The Company has minimal debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short-term and non-interest bearing. As at August 31, 2024, the Company had cash of \$31,242 and Level 1 investments of \$2,390,862 to settle current liabilities of \$208,276. Currently and in the 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.

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, contributed surplus and accumulated deficit, which at August 31, 2024 totaled \$5,867,945.

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. All related party transactions are valued at the exchange amount which is the value agreed upon by the related parties.

Prior to September 28, 2023, the Chief Financial Officer ("CFO") of the Company was the managing director of Marrelli Support Services Inc. ("MSSI"). During the year ended August 31, 2024, the Company incurred professional fees of \$13,095 (year ended August 31, 2023 - \$31,175) to MSSI. These services were incurred for general accounting and financial reporting matters and CFO fees. As at August 31, 2024, MSSI was owed \$nil (August 31, 2023 - \$842), with respect to services provided, and this amount was included in accounts payable and accrued liabilities.

On September 28, 2023, the CFO of the Company (Marrelli Support Services Inc.) resigned from the position. This vacant position was filled by an existing director of the Company on September 30, 2023. On October 2, 2023, the new CFO was issued 1,000,000 stock options of the Company with an estimated value of \$8,348 as described in Note 6.

From September 28, 2023, all accounting, bookkeeping and reporting is performed in-house by one of the existing directors of the Company. During the year ended August 31, 2024, the Company incurred \$36,510 with respect to the

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above. Amount payable at August 31, 2024 is \$3,390 and included in accounts payable and accrued liabilities.

The Chief Executive Officer ("CEO") of the Company entered into a contract with the Company for a monthly compensation of \$10,000 per month (exclusive of tax) in June 2023 and during the year ended August 31, 2024, the Company incurred professional fees of \$139,500 to the CEO. As at August 31, 2024, CEO was owed \$11,300 (August 31, 2023 - \$10,000), with respect to service provided, and this amount is included in accounts payable and accrued liabilities. The CEO is also the chief financial officer of a portfolio investment - American Aires Inc.

On December 1, 2023, the Company obtained a short-term loan of \$30,000 from a director and officer of the Company. Total interest incurred was \$888 in during the year ended August 31, 2024. The loan was repaid in full on maturity date and there are no more loans outstanding as at August 31, 2024.

On February 16, 2024, the Company entered into a consulting agreement with American Aires. The consulting agreement is for a period of 3 years and the Company is to act as consultant on various matters such as commercial sales strategy, capital markets support, assisting with due diligence packages for strategic partners, advising on large commercial engagements and other business areas. American Aires paid \$360,000 to the Company as part of the consulting agreement, which has been recorded on the statement of financial position as deferred revenue. The deferred revenue will be gradually reduced and brought into income as services are performed by the Company. During the year ended August 31, 2024, the Company recorded \$65,000 as consulting fee income and the remaining \$295,000 is recorded as deferred revenue on the statement of financial position as at August 31, 2024 (\$120,000 as current liability and \$175,000 as long-term liability).

On May 8, 2024, the Company granted 12,200,000 restricted stock units ("RSUs") to its directors and officers, 50% of which vested immediately and the remaining 50% to vest 9 months from the grant date. The share-based compensation of \$432,083 was recorded in the statements of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

ACCOUNTING PRONOUNCEMENTS

Accounting standards issued and adopted

The Company adopted the following accounting policies during the period.

In January 2020 and further amended in July 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements," clarifying the criteria for classifying liabilities as current or non-current, particularly concerning rights to defer settlement. These amendments are effective for annual reporting periods beginning on or after January 1, 2024. The Company adopted these amendments on September 1, 2023. The adoption did not have a material impact on the Company's financial statements.

The Company has evaluated other new and amended standards issued by the IASB that are effective for annual reporting periods beginning on or after September 1, 2023, and has determined that they are not applicable to the Company's operations or do not have a material impact on its financial statements.

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 August 31, 2024.

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. All strategic investment decisions are done with the approval of the Board of Directors who also provide 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.

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- 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 measurement hierarchy of the Company's financial instruments that have been measured at fair value:

As at August 31, 2024	Level 1	Level 2	Level 3	Total
Cash	\$ 31,242	\$ -	\$ -	\$ 31,242
Investments - Common Shares	\$ 2,390,862	\$ -	\$ 1,689,000	\$ 4,079,862
Investments - Warrants	\$ -	\$ 2,131,906	\$ -	\$ 2,131,906

As at August 31, 2023	Level 1	Level 2	Level 3	Total
Cash	\$ 94,141	\$ -	\$ -	\$ 94,141
Investments - Common Shares	\$ 82,712	\$ -	\$ 1,281,500	\$ 1,364,212
Investments - Warrants	\$ -	\$ 65,008	\$ 83,918	\$ 148,926

The valuation of Level 3 investments involves significant judgment and the use of unobservable inputs. The fair value for each investment was determined using techniques consistent with the principles outlined in IFRS 13, as described below:

Valkyrie

The fair value was determined based on the price from the most recent private placement, which represents an orderly transaction between market participants under current market conditions. This transaction reflects the value at which investors were willing to transact and is considered the best estimate of fair value at the reporting date. No adjustments were deemed necessary, as the transaction was recent and aligned with observable market evidence.

Firstpayment

The valuation remained unchanged from the prior year due to the absence of new operational developments, contracts, or revenues. While the company has not generated activity, management exercised judgment in maintaining the carrying value, as the business has potential to pivot into new directions that could enhance future value. The fair value was not reduced further, as management believes that the company's intangible assets and potential strategic repositioning justify the current valuation. This assessment is inherently subjective and involves significant uncertainty. The absence of observable market data or recent transactions increases the reliance on management's judgment. Any future developments or transactions will be reflected in subsequent reporting periods.

Somerset

The fair value was determined based on the price from the most recent private placement, which represents an orderly transaction between market participants under current market conditions. This transaction reflects the value at which investors were willing to transact and is considered the best estimate of fair value at the reporting date. A Level 3 adjustment (reduction of \$167,000) was made in fiscal 2024 to reflect current fair value and is based on recent subscriptions received by Somerset for its shares.

Key Inputs and Sensitivity Analysis

The valuations incorporate the following significant unobservable inputs:

- Valkyrie: Recent private placement price (no adjustments applied)
- Firstpayment: Management judgment on the potential for future business developments
- Somerset: Recent private placement price (adjustment applied)

Changes in these inputs, particularly the completion of private placements or significant business developments, could materially affect the fair value. While specific sensitivity analyses have not been provided due to the binary nature of key inputs (e.g., occurrence of transactions or business milestones), future fair value measurements will reflect any observable changes in these assumptions.

Valuation Methodology and Compliance

These valuations are consistent with IFRS 13 principles, incorporating the most reliable information available at the reporting date. The use of recent transactions (Valkyrie, Somerset) and management judgment (Firstpayment) reflects fair value as defined by IFRS 13. Management regularly reviews valuations to ensure they remain reflective of market conditions and adjusts them as new information becomes available.

Financial Instruments Risks

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. As at August 31, 2024, 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.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at August 31, 2024, the Company had cash of \$31,242 to settle current monetary liabilities of \$88,276. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

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 and monitoring 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 would have increased or decreased by approximately \$621,177.

SHARE CAPITAL

As of the date of this MD&A, the Company had 89,615,500 issued and outstanding common shares. Major transactions during the year are as follows:

On March 29, 2024, the Company issued 5,000,000 common shares at a deemed price of \$0.115 per share, in exchange for 425,926 common shares of Valkyrie at a deemed price of \$1.35 per share as part of its investment in Valkyrie.

On May 8, 2024, the Company granted 12,200,000 restricted stock units ("RSUs") to its directors and officers, 50% of which vested immediately and the remaining 50% to vest 9 months from the grant date. 6,100,000 shares have been recorded as issued during the year ended August 31, 2024 and the remainder will be issued and recorded when the RSUs vest to the holders. The value of the shares at the date issued was \$0.05 and the value of share capital was increased by \$432,083 which is the value of RSU based compensation recognized in the statement of income (loss) and comprehensive income (loss) during the year ended August 31, 2024.

RISK FACTORS AND UNCERTAINTIES

An investment in common shares of the Company involves a high degree of risk and should be considered highly speculative due to the nature of the Company's business and its present stage of development. An investment in the Company's securities is suitable only for those knowledgeable and sophisticated investors who are willing to risk loss of their entire investment. Prospective investors should consult with their professional advisors to assess an investment in the Company's securities. In evaluating the Company and its business, investors should carefully consider the following risk factors. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations.

Limited Operating History

The Company has a limited operating history in its industry upon which its business and future prospects may be evaluated. The Company is subject to all of the business risks and uncertainties associated with a new business enterprise, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues and the risk that the Company will not achieve its operating goals. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of the Company's success must be considered in light of its early stage of operations.

Difference from Expectations of Management

The Company's actual financial position and results of operations may differ materially from management's expectations. The Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

Limited history of successful investments

The Company has very little record of operations and historical financial information on which a holder of common shares can base an evaluation of the Company. The Company commenced its operations in 2021. There can be no assurance that the Company will be successful in making a return on its investments. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its financial objectives as estimated by management. Furthermore, past successes of the management or the Board in other ventures do not guarantee future success.

No Assurance of Profits or Revenues

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred substantial expenses relating to the development and initial operations of its business. The payment and amount of any future dividends will depend upon, among other things, the Company's results of operations, cash flow, financial condition, and operating and capital requirements. There is no assurance that future dividends will be paid, and, if dividends are paid, there is no assurance with respect to the amount of any such dividends.

The Company as a Going Concern

The continued operation of the Company as a going concern is dependent upon the Company's ability to generate positive cash flows and/or obtain additional financing sufficient to fund continuing activities and acquisitions. While the Company continually reviews its operations to identify strategies and tactics to increase revenue streams and financing opportunities, there is no assurance that the Company will be successful in such efforts; if the Company is not successful, it may be required to significantly reduce or limit operations, or no longer operate as a going concern. It is also possible that operating expenses could increase in order to grow the business. If the Company does not significantly increase its revenue to meet these increased operating expenses and/or obtain financing until its revenue meets these operating expenses, its business, financial condition and operating results could be materially adversely affected. The Company cannot be sure when or if it will ever achieve profitability and, if it does, it may not be able to sustain or increase that profitability.

Need for Additional Financing

The Company has no history of significant earnings and, due to the nature of its business, there can be no assurance that the Company will be profitable. There is no guarantee that the Company will be able to achieve its business objectives. The continued development of the Company will require additional financing. The failure to raise such capital could result in the delay or indefinite postponement of current business objectives or the Company going out of business. There can be no assurance that additional capital or other types of financing will be available when needed or that, if available, the terms of such financing will be favorable to the Company. Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Company will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the Common Shares. If adequate funds are not available on acceptable terms, the Company may be unable to develop or enhance its products and services, take advantage of future opportunities or respond to competitive pressures, any of which could have a material adverse effect on its business, financial condition and operating results, or the Company may be forced to cease operations.

Conflicts of Interest

The Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors. In addition, the Company may become involved in other transactions which conflict with the interests of its directors and officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

Negative Operating Cash Flow

In its short history, the Company has intermittently generated losses and gains. A larger portion of the gains, however, have been non-cash in nature and its operating activities have not, as yet, produced positive cash flows. Although the Company expects to become profitable, there is no guarantee that will happen, and the Company may never become profitable. The Company currently has a negative operating cash flow and may continue to have a negative operating cash flow for the foreseeable future. A large portion of the Company's expenses are fixed, including expenses related to personnel and professionals to manage the business. The Company's ability to generate additional revenues and potential to become profitable will depend largely on the performance of its investments and the markets in general. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, the Company cannot predict the level of such profitability. If the Company sustains losses over an extended period of time, the Company may be unable to continue its business.

Internal Controls over Financial Reporting

Because of inherent limitations, the Company's internal controls over financial reporting may not prevent or detect misstatements, and the effectiveness of internal controls in future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the Company's policies or procedures may deteriorate. If the Company fails to maintain the adequacy of its internal controls, including any failure or difficulty in implementing required new or improved controls, its business and results of operations could be harmed, the Company may not be able to provide reasonable assurance as to its financial results or meet its reporting obligations and there could be a material adverse effect on the price of its securities.

Retention and Acquisition of Management and Skilled Personnel

The success of the Company is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them.

Competitive Market

The market for investment opportunities is highly competitive. The Company will compete with a large number of other investors focused on similar investments, such as private equity funds, mezzanine funds, investment banks, and other equity and non-equity based public and private investment funds. Competitors may have a lower cost of funds and may have access to funding sources that are not available to the Company. In addition, certain competitors of the Company may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their respective market shares. As a result of this competition, there can be no assurance that the Company will be able to locate suitable investment opportunities, acquire such investments on acceptable terms, or achieve an acceptable rate of return on the investments it does make. The competitive pressures faced by the Company may have a material adverse effect on its activities, financial condition, and results of operations.

Key Person Insurance

The Company does not maintain key person insurance on any of its directors or officers, and as result the Company would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by the Company from such loss of any director or officer.

Due Diligence Investigations

Due diligence investigations may not identify all facts necessary or helpful in evaluating an investment opportunity and will not necessarily result in the investment being successful. The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances of each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. When conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the investment target and, in some circumstances, third party investigations. Because the Company seeks investments in new areas, the investments it considers may have limited track records, which make assessments more difficult and speculative. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process to varying extents depending on the type of investment. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful to evaluate the investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Realization of Returns

The realization of returns from the Company's investment activities is a long-term proposition. Most investments to be made by the Company are not expected to generate current income. Therefore, the return of capital to the Company and the realization of gains, if any, from the Company's investments will generally occur only upon the partial or complete realization or disposition of the investment. While an investment of the Company may be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most of the Company's investments will not occur for one to three years and possibly longer after an investment is made. The Company's investments will frequently be illiquid and difficult to value, and the Company may not be able to exit the investment on its intended timetable. Some of the Company's investments will be in private businesses, which are highly illiquid and may be difficult to value. Accordingly, there can be no assurance that the Company will be able to realize on its investments in a timely manner or at all. If the Company is required to liquidate all or a portion of its portfolio investments quickly, it may realize significantly less than its invested capital. While private portfolio businesses may seek to list their securities on a stock exchange as a means of creating liquidity for investors, there can be no assurance that a stock exchange listing will provide a viable exit mechanism, if trading volumes and stock prices are low at the time of intended disposition.

Lack of Diversification

The Company may hold a limited number of investments at any one time and potentially suffer from a lack of diversification. The Company does not have any specific limits on investments in businesses in any one industry or size of business. Consequently, the Company's aggregate returns may be significantly adversely affected if one or more significant investments perform poorly or if the Company needs to write-down the value of any one significant investment, which has occurred with one of its significant investments. Also, the Company's investments may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting a particular industry or segment of business in which it invests than would be the case if the Company were required to satisfy certain investment guidelines relating to business diversification.

Financial Market Fluctuations

The Company invests in both private businesses and publicly traded businesses. With respect to publicly traded businesses, fluctuations in the market prices of their securities may negatively affect the value of those investments. In addition, general instability in the public securities markets may impede the ability of businesses to raise additional capital through selling new securities, thereby limiting the Company's investment options with regard to a particular portfolio investment. Global capital markets have experienced extreme volatility and disruption in recent years as evidenced by the failure of major financial institutions, significant write-offs suffered by the financial services sector, the re-pricing of credit risk, the unavailability of credit or the downgrading and the possibility of default by sovereign issuers, forced exit or voluntary withdrawal of countries from a common currency and devaluation. Despite actions of government authorities, these events have contributed to a worsening of general economic conditions, high levels of unemployment in Western economies and the introduction of austerity measures by governments. Such worsening of financial market and economic conditions may have a negative effect on the valuations of, and the ability of the Company to exit or partially divest from, investment positions. Depending on market conditions, the Company may incur substantial realized and unrealized losses in future periods, all of which may materially adversely affect its results of operations and the value of any investment in the Company.

Minority Positions in Investments

The Company may make minority equity investments in businesses in which the Company does not participate in the management or otherwise control the business or affairs of such businesses. The Company will seek to obtain information rights for each investment and maintain an ongoing dialogue with each business's management team. However, it will be primarily the responsibility of the management of the business to operate the business on a day-to-day basis and the Company may not have the right to control the business.

Follow-On Investments

The Company may be called upon to make follow-on investments in an existing investment and the Company's failure to participate may have a negative adverse effect on the existing investment. Following the initial investment in a business, the Company may be called upon to provide additional funds or have the opportunity to increase its

investment in a business through the exercise of a warrant or other right to purchase securities or to fund additional investments through the business. There is no assurance that the Company will have sufficient funds to make any follow-on investment. Even if the Company has sufficient capital to make a proposed follow-on investment, the Company may elect not to make the follow-on investment for a variety of reasons. Any decision by the Company not to make a follow-on investment or its inability to make a follow-on investment may have a negative impact on the portfolio business in need of the follow-on investment, may result in a missed opportunity for the Company to increase its participation in a successful operation, or may reduce the expected return on the investment.

Bridge Financings

The Company may make bridge financings from time to time, which if not converted as intended may expose the Company to unintended risk. From time to time, the Company may lend money to businesses on a short-term, unsecured basis in anticipation of converting the loan in future into equity or long-term debt securities. It is possible, however, for reasons not always in the Company's control, that the replacement securities may not be issued and the bridge loans may remain outstanding. In such a case, the interest rate on the bridge loan may not adequately reflect the risk associated with the unsecured position taken by the Company and may not satisfy the Company's investment objective for the specific business.

Legal Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom the Company does business and other proceedings arising in the ordinary course of business. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on the Company's financial results.

Risks Relating to the Common Shares

Market Price of Common Shares and Volatility

Factors unrelated to the Company's performance that may affect the price of the Common Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Common Shares may affect an investor's ability to trade significant numbers of Common Shares; the size of the Company's public float may limit the ability of some institutions to invest in Common Shares; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Common Shares to be delisted, further reducing market liquidity. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price of the Common Shares will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. If an active public market for the Common Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline below the initial purchase price.

Dividends

The Company intends to retain earnings, if any, to finance the growth and development of the Company's business and does not intend to pay cash dividends on the Common Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions

then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Dilution

Future sales or issuances of equity securities could decrease the value of the Common Shares, dilute shareholders' voting power and reduce future potential earnings per Common Share. The Company intends to sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance its operations, acquisitions or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per Common Share.

Sales of Substantial Amounts of the Common Shares

Sales of substantial amounts of the Common Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Common Shares. A decline in the market prices of the Common Shares could impair the Company's ability to raise additional capital through the sale of securities should it desire to do so.

Securities or Industry Analysts

The trading market for the Common Shares will depend in part on the research and reports that securities or industry analysts publish about the Company or its business. The Company does not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering the Company, the trading price for the Common Shares may be negatively impacted. If the Company obtains securities or industry analyst coverage and if one or more of the analysts who cover the Company downgrade the Common Shares or publish inaccurate or unfavorable research about its business, the trading price of the Common Shares may decline. If one or more of these analysts cease coverage of the Company or fail to publish reports regularly, demand for the Common Shares could decrease, which could cause the trading price and volume of the Common Shares to decline.

Future Sales of Common Shares by Principal Shareholders, Officers and Directors

Subject to compliance with applicable securities laws the officers, directors, principal shareholders and their affiliates may sell some or all of the Common Shares held by them in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by the Company's officers, directors, and any principal shareholders and their affiliates, or the perception that such sales could occur, could materially adversely affect prevailing market prices for the Common Shares. Accordingly, if the Company's principal shareholders sell substantial amounts of securities in the public market, the market price of such securities could fall. Additional Common Shares issued upon the exercise of stock options may also be available for sale in the public market which may also cause the market price of the Common Shares to fall.

Tax Issues

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in Common Shares of the Company.

Discretion as to the Use of Available Funds

The Company's management will have broad discretion in how it uses the funds available to it. Management may use the available funds in ways that purchasers may not consider desirable. The results and the effectiveness of the application of the funds are uncertain. If the funds are not applied effectively, the results of the Company's operations may suffer. Shareholders may not agree with the manner in which management chooses to allocate and spend the available funds.