INTRODUCTION

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Generative AI Solutions Corp. (formerly Idle Lifestyle Inc., or the "Company") and should be read in conjunction with the accompanying audited financial statements for the twelve months ended February 28, 2023, and the thirteen months ended February 28, 2022, and related notes therein.

All financial information in this MD&A for the twelve months ended February 28, 2023, and the thirteen months ended February 28, 2022, has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting.

The effective date of this MD&A is June 23, 2023.

MANAGEMENT'S RESPONSIBILITY

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that this MD&A and related filings do not contain any untrue statements of material fact, or omit to state a material fact required to be stated, or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by this MD&A and related filings. The Board of Directors approved the MD&A, together with the financial statements for the twelve months ended February 28, 2023, and the thirteen months ended February 28, 2022, and ensure that management has discharged its financial responsibilities.

FORWARD-LOOKING INFORMATION AND CAUTIONARY RISKS NOTICE

Certain statements contained in the following MD&A constitute forward-looking statements (within the meaning of the Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. Forward-looking statements are frequently, but not always, identified by words such as "plans", "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements may include statements regarding work programs, capital expenditures, timelines, strategic plans, market price of commodities or other statements that are not statement of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors.

For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations include: uncertainties involved in disputes and litigation; fluctuations in commodity prices and currency exchange rates; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies; the need to obtain additional financing and uncertainty as to the availability and terms of future financing; uncertainty related to the completion of a transaction or amalgamation.

It is the Company's policy that all forward-looking statements are based on the Company's beliefs and assumptions which are based on information available at the time these assumptions are made. The forward-looking statements contained herein are as of June 23, 2023, and are subject to change after this date, and the Company assumes no obligation to publicly update or revise the statements to reflect new events or circumstances, except as may be required pursuant to applicable laws.

Although management believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning our expectations regarding the ability to raise additional funds and complete a transaction or amalgamation.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and factors including: the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain; dependence on key personnel; dependence on corporate collaborations; potential delays; uncertainties related to early stage of technology and product development; uncertainties as to fluctuation of the stock market; uncertainties as to future expense levels and the possibility of unanticipated costs or expenses or cost overruns; and other risks and uncertainties which may not be described herein. The Company has no policy for updating forward-looking information beyond the procedures required under applicable securities laws.

COMPANY OVERVIEW

Generative AI Solutions Corp. (formerly Idle Lifestyle, Inc, or the "Company") was incorporated in the Province of British Columbia on July 6, 2018, under the Business Corporations Act of British Columbia ("BCBCA") under the name Gamora Capital Corp. On March 11, 2021, the Company changed its name to PODA Lifestyle & Wellness Ltd. On September 27, 2021, the Company changed its name to PODA Holdings, Inc. On June 24, 2022, the Company changed its name to Idle Lifestyle, Inc. On February 4, 2023, the Company changed its name to Generative AI Solutions Corp. The Company's principal business activity is in artificial intelligence and machine learning technology.

The Company's head office is located at 550 Burrard Street, Suite 2300, Vancouver, British Columbia, V6C 2B5.

The accompanying consolidated financial statements comprise the financial statements of the Company. On March 1, 2022, the Company completed an amalgamation with Poda Technologies Ltd. ("Poda") under the name of the Company.

The Company and Poda entered into an Arrangement Agreement (Note 8) on February 8, 2021, pursuant to which the Company, by way of a court approved plan of arrangement under the provisions of Division 5 of Part 9 of the BCBCA acquired all of the issued and outstanding common and preferred shares of Poda in exchange for Preferred Shares to be issued as consideration pursuant to the Plan of Arrangement (the "Arrangement").

The Arrangement resulted in the shareholders of Poda acquiring control of the Company (the "Transaction"). The Transaction has been accounted for as a reverse take-over ("RTO"). Therefore, the Transaction, has been accounted for as an acquisition of the Company by Poda. As the Company does not meet the definition of a business as defined by International Financial Reporting Standards ("IFRS") 3, it has been accounted for as a share-based payment transaction in accordance with IFRS 2.

The Company's subordinate voting shares were approved for listing on the Canadian Securities Exchange and commenced trading at market open on May 4, 2021, under the symbol '**PODA**'. In January 2022, the Company began trading on the OTCQB exchange. Through the OTCQB listing, United States investors may more easily trade PODAF stock, in addition to Poda's listing on the CSE [PODA] in Canada and the FSE [99L] in Germany.

The Company announced on April 18, 2023, that it been had granted approval by the Canadian Securities Exchange ("CSE") to begin trading of its Common Shares under the symbol "AICO", beginning on April 19, 2023. The Listing is the result of the closing of the Company's business combination with Ultron Capital Corp. ("Ultron") pursuant to the terms of the business combination agreement dated February 16, 2023. Under the terms of the business combination agreement, the Company acquired all of the issued and outstanding securities of Ultron in exchange for 51,176,001 Common Shares of the Company. The Transaction resulted in a reverse takeover of the

Company by Ultron, which constituted a fundamental change of the Company, as defined in the policies of the CSE.

Generative AI Solutions Corp. specializes in the development and application of artificial intelligence technology to solve complex problems in a variety of industries. From education to healthcare to finance to transportation, we work with clients to leverage the power of machine learning and natural language processing to improve efficiency, accuracy, and decision-making.

BUSINESS DEVELOPMENTS

On March 11, 2022, the Company announced that it has signed a purchase agreement with its Chinese manufacturing partner to acquire Poda Pod manufacturing equipment, 15 patent applications related to Poda Pod technology, and three Chinese trademarks for approximately $3.45 million payable in cash.

The manufacturing equipment is comprised of all proprietary custom-built equipment for Poda Pods production capable of producing an estimated 5 million Poda Pods per annum. All manufacturing equipment was shipped to Vancouver, BC. The 15 patent applications were filed in China and represent unique product design and manufacturing methods applicable to the development and large-scale production of Poda Pods.

On May 13, 2022, the Company announced that, together with Ryan Selby and Ryan Karkairan (the "Owners"), it has entered into a definitive agreement dated May 13, 2022 (the "Asset Purchase Agreement") with a subsidiary of Altria Group, Inc. ("Altria") (NYSE:MO), Altria Client Services LLC ("ALCS"), pursuant to which the Company and the Owners have each agreed to sell to ALCS substantially all of the assets and properties used in the Company's business (the "Purchased Assets") of developing, manufacturing and marketing multi-substrate heated capsule technology, including, without limitation, the Owners' patents related to such technology and the Company's exclusive, perpetual license of certain of those patents pursuant to an amended and restated royalties agreement dated April 12, 2019 (the "Royalties Agreement"), for a total purchase price of US$100.5 million ("Purchase Price"), subject to certain adjustments and holdbacks (the "Transaction"). The Company carries on its business pursuant to the Royalties Agreement and the Company and the Owners have agreed to allocate US$55.28 million of the Purchase Price to the Company (being 55% of the Purchase Price), with the balance to the Owners. This sale was completed on June 24, 2022.

On July 26, 2022, the Company's Board of Directors declared the payment of a special dividend, and approved the return of capital, on its Subordinate Voting Shares ("**SVS**") and Multiple Voting Shares ("**MVS**") together amounting to a distribution of $0.41 per SVS, and $0.41 per MVS on an as converted to SVS basis (the "**Distribution**"). The Distribution was paid during the month of August 2022 to holders of record of SVS and MVS on August 3, 2022 (the "**Record Date**").

The Distribution was an aggregate amount of approximately $68.2 million and was comprised of a return of capital of approximately $28 million and dividends of approximately $40.2 million. The Shareholders will receive $0.41 per each SVS held, being $0.215 in connection with the return of capital, and $0.195 in connection with the dividend payment and $410 per each MVS held, being $56.00 in connection with the return of capital, and $354 in connection with the dividend payment.

As a result of the completion of the Transaction, the Company no longer had any material property or assets other than cash which the Company retained to explore new business opportunities for the economic benefit of its Shareholders.

On April 11, 2023, the Company amended its authorized capital by, (i) creating a new class of Common Shares in the capital of the Company; (ii) redesignating the SVS to be Class B Shares; (iii) amending the rights and restrictions of the Class B Shares so that the Class B Shares shall be converted into Common Shares, such that, on a per-holder basis, 10% of the issued and outstanding Class B Shares will be converted into Common Shares on a date that is 24 months after the business combination with Ultron Capital Corp., and 15% are to be converted every 3 months thereafter; and (iv) by amending the rights and restrictions of the MVS such that they are to be converted into Class B Shares immediately upon a resolution of the Board approving the conversion on a 1,000 Class B Shares for each MV Share basis

The Company announced on April 18, 2023, that it been had granted approval by the Canadian Securities Exchange ("CSE") to begin trading of its Common Shares under the symbol "AICO", beginning on April 19, 2023. The Listing is the result of the closing of the Company's business combination with Ultron Capital Corp. ("Ultron") pursuant to the terms of the business combination agreement dated February 16, 2023. Under the terms of the business combination agreement, the Company acquired all of the issued and outstanding securities of Ultron in exchange for 51,176,001 Common Shares of the Company. The Transaction resulted in a reverse takeover of the Company by Ultron, which constituted a fundamental change of the Company, as defined in the policies of the CSE.

On May 10, 2023, the Company completed its acquisition of all of the outstanding securities of Global AI Billing Corp. ("Global AI") pursuant to a share purchase agreement (the "Agreement"). Pursuant to the Agreement, the Company acquired all of the securities of Global AI in exchange for the issuance of 7,500,000 common shares at a value of $0.79 per share and the assumption of US$1.25 million in existing liabilities of Global AI, of which US$500,000 was reorganized as a convertible debenture of the Company (the "Convertible Debenture"). The Convertible Debenture bears 5% interest per year and is convertible into common shares at an exercise price of $0.79 (the "Conversion Price"). The Convertible Debenture has a term of 12 months and is secured against Global AI's ownership interest in Remitz, Inc. ("Remitz"). Global AI owns 10% of Remitz which operates in the artificial intelligence industry. The Company may also elect to satisfy the Convertible Debenture in full without payment by causing the transfer from Global AI of 6.7% of the common shares of Remitz of the 10% position it currently holds, to the holder of the Convertible Debenture. No finder's fee or other commission was paid to any person in respect of the Transaction.

On June 6, 2023, the Company announced that it had closed a private placement financing of 9,595,531 units at a price of $0.56 per Unit for gross proceeds of $5,373,497.

Each Unit will consist of one common share in the capital of the Company and one Common Share purchase warrant. Each Warrant will entitle the subscriber to acquire one additional Common Share at a price of $1.65 per Common Share for a period of two years from the applicable closing date. The Company intends to use the gross proceeds of the Offering for general working capital purposes.

On June 19, 2023, the Company announced the closing of a share purchase agreement dated June 13, 2023 (the "Share Purchase Agreement") with Minework Technologies Pte Ltd. ("Minework"), pursuant to which, subject to the satisfaction of certain conditions to closing, the Company's wholly-owned subsidiary, MAI Cloud Solutions Inc. ("MAI Cloud"), agreed to purchase all of the issued and outstanding shares (the "Purchased Shares") in the authorized share structure of Pulse AI, which were held by Minework (the "Transaction").

The NVIDIA A100s and H100s are specialized graphics processing units ("GPU") designed for AI computing and deep learning tasks. One of the notable features of the A100 and H100 GPUs are their tensor core technologies. Tensor cores are hardware accelerators designed to efficiently perform matrix operations, which are fundamental to AI computations, such as matrix multiplications and convolutions. Tensor cores enable faster training and inference times for deep neural networks, improving the overall efficiency of AI workloads.

MAI Cloud™ will enable its customers to access and utilize resources without the need for physical infrastructure or hardware on their premises. AI algorithms require substantial computational power and large datasets for training and inference, which can be efficiently hosted and managed in the cloud. MAI Cloud™ will provide scalable and on-demand computing resources, allowing organizations to easily scale up or down based on their AI needs, enabling faster and more efficient training and inference processes.

The Company intends to use the MAI Cloud™ platform to perform AI computing tasks and hosting for its existing internal projects, including GenAI Tobacco, Remitz, Classmate, and Global AI Newswire.

MAI Cloud acquired the Purchased Shares from Minework for an aggregate purchase price of $1,500,000 (the "Purchase Price"). The Purchase Price was paid to Minework at the closing of the Transaction (the "Closing") through the issuance of 1,630,435 common shares (the "Consideration Shares") in the authorized share structure of the Company (the "GenAI Shares") at a deemed price per share of $0.92 per GenAI Share (the "GenAI Share Price"), being the closing price of the GenAI Shares on the Canadian Securities Exchange (the "CSE") on June 13, 2023. The Consideration Shares issued by the Company to Minework in full satisfaction of the Purchase Price are subject to a contractual restriction whereby Minework may not trade any such Consideration Shares for a period of 12 months following the date of the Closing (the "Closing Date").

In addition to the Purchase Price, the Company shall pay to Minework the following amounts, to be settled through the further issuance of GenAI Shares at the GenAI Share Price:

(a) upon Pulse AI or the Company entering into an agreement to provide services or products to certain customers, $1.5 million; and

(b) for each $1.5 million of committed revenue generated by Pulse AI following the Closing Date, $1.5 million, up to a maximum of $4.5 million.

CASH USED IN OPERATING ACTIVITIES

For the twelve months ended February 28, 2023, cash flows used in operating activities amounted to $12,028,014. Cash flows resulted from a net income of $52,103,411, offset by changes in non-cash items of $67,291,339 and changes in working capital balances of $3,159,914. In the comparative period, cash flows used in operating activities amounted to $6,062,210. Cash flows resulted from a net loss of $11,047,210, changes in non-cash items of $4,255,380 and changes in working capital balances of $729,620.

CASH USED IN INVESTING ACTIVITIES

For the twelve months ended February 28, 2023, cash provided by investing activities amounted to $67,817,450 resulting from the proceeds from sale of assets of $71,487,158 which was partially offset by asset purchases totaling $3,669,708. For the twelve months ended February 28, 2022, cash flows provided in investing amounted to $34,220 from cash acquired from the RTO transaction.

CASH PROVIDED BY FINANCING ACTIVITIES

For the twelve months ended February 28, 2023, cash flows used by financing activities amounted to $65,007,998. Cash distributions were comprised of a return of capital of $28,012,556 and dividends of $40,244,764. Cash inflows were from the exercise of warrants of $2,571,242 and proceeds from the exercise of stock options of $678,090. In the comparative period, cash flows provided by financing activities amounted to $19,251,435 which was driven by proceeds from the issuance of common stock of $19,329,884 and proceeds from the exercise of warrants of $125,000.

RESULTS OF OPERATIONS

During the twelve months ended February 28, 2023, the Company recorded a net and comprehensive gain of $52,103,411 (2021: loss of $11,047,210).

The drivers of the increase on a year over year were as follows:

- Sale of company assets and intellectual property of $67,817,449 (2021: $0).
- The Company incurred $994,310 (2021: $373,681) in wages paid to directors and executive officers for performance bonuses awarded following the transaction completed with Altria.

(Expressed in Canadian Dollars)

- The sale of assets was partly offset by professional fees of $6,978,034 (2021: $133,259), which includes legal, accounting and consulting fees incurred in connection with the definitive agreement with Altria Client Services, LLC., along with a current tax expense accrual of $2,900,081 (2021: $0).
- Management fees include $3,055,067 paid to directors and executive officers (2021: $1,004,239).

SELECTED ANNUAL INFORMATION

The below table provides a summary of selected annual financial data, prepared in accordance with IFRS.

	Feb 28, 2023 $	Nov 30, 2022 $	August 31, 2022 $	May 31, 2022 $
Revenue	-	-	-	-
Assets	4,067,345	3,846,066	4,901,052	14,146,380
Non-current liabilities	-	-	-	-
Net and comprehensive gain (loss)	(105,973)	(287,138)	54,870,603	(2,374,081)
Basic gain (loss) per common share	(0.03)	(0.12)	22.43	(1.28)

FOURTH QUARTER RESULTS OF OPERATIONS

During the fourth quarter ended February 28, 2023, the Company recorded a net and comprehensive loss of $105,973 as compared to a loss of $4,995,420 in the fourth quarter ended February 28, 2022.

The variance between the comparative periods is mainly due to listing expenses of $4,048,732 recorded in Q4 2022 which include legal, accounting and consulting fees incurred in connection with the public listing, reverse takeover and business combination.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022
	$	$	$	$
Total revenue	-	-	-	-
Net income (loss)	(105,973)	(287,138)	54,870,603	(2,374,081)
Basic gain (loss) per share	(0.03)	(0.12)	22.43	(1.28)

	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021
	$	$	$	$
Total revenue	-	-	-	-
Net loss	(4,995,420)	(1,877,438)	(3,020,137)	(1,021,023)
Basic and diluted loss per share	(0.21)	(0.05)	(0.12)	(0.07)

(Expressed in Canadian Dollars)

RELATED PARTY TRANSACTIONS

All related party transactions have occurred in the normal course of operations. Related party transactions occur and are recorded at the amounts agreed between the parties.

Key management compensation

Key management is comprised of the Company's directors and executive officers. The Company incurred the following key management compensation during the periods ended February 28, 2023 and February 28, 2022:

	2023	2022
	$	$
Professional and management fees	**3,055,067**	1,004,239
Wages	**198,000**	-
Share-based compensation	**-**	19,650
	3,253,067	1,023,889

OUTSTANDING SHARE DATA

<u>Authorized Share Capital</u>

As a result of the share consolidation described below with an effective date of February 13, 2023, a total of approximately 4,733,706 Subordinate Shares will be issued and outstanding, subject to adjustments for rounding, and approximately 816 Multiple Voting Shares will be issued and outstanding with approximately 1,228,680 Subordinate Shares reserved for issuance. No fractional Subordinate Shares will be issued, and any post-consolidation fraction of a Subordinate Share will be rounded to the nearest whole number of Subordinate Shares.

<u>Share Transactions</u>

The Company issued the following shares during the thirteen months ended February 28, 2023:

(i) Pursuant to the Transaction described in Note 7, the Company issued 1,305,849 common shares of the Company after the conversion of 1,306 preferred shares to the former Poda Shareholders.

(ii) Certain holders of convertible notes converted their convertible notes and interest accrued to date totaling $604,507 into 519,673 common shares of the Company.

(iii) The Company issued 858,335 and 149,270 common shares for gross proceeds of $2,571,242 and $1,234,414 pursuant to the exercise of share purchase warrants and stock options, respectively.

(iv) The Company issued 33,668 common shares pursuant to conversion of restricted share units with a fair value of $289,800.

<u>Share Consolidation</u>

The Company announced that effective February 13, 2023, the equity securities of the Company, consisting of subordinate voting shares and multiple voting shares of the Company will be consolidated on the basis of one (1) post-consolidated share outstanding for every thirty (30) pre-consolidated shares of the same class. The Subordinate Shares began trading on a Consolidated basis on the Canadian Securities Exchange ("**CSE**") at the open of markets on February 13, 2023.

(Expressed in Canadian Dollars)

As a result of the consolidation, on the effective date, a total of approximately 4,733,706 Subordinate Shares will be issued and outstanding, subject to adjustments for rounding, and approximately 816 Multiple Voting Shares will be issued and outstanding with approximately 1,228,680 Subordinate Shares reserved for issuance.

Warrants

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	Number of warrants	Weighted average exercise price $
Outstanding, February 28, 2021	-	-
Deemed granted upon reverse take-over	900,000	3.00
Granted	430,513	56.51
Exercised	(41,667)	(3.00)
Outstanding, February 28, 2022	1,288,846	21.00
Exercised	(858,335)	(3.00)
Outstanding, February 28, 2023	430,511	56.51

Warrants outstanding and exercisable as at February 28, 2023 are as follows:

Number of Warrants				
Outstanding	Exercisable	Exercise Price	Expiry Date	Contractual Life of Warrants Remaining
41,667	41,667	$15.00	May 20, 2023	0.22 years
121,344	121,344	$30.00	June 24, 2023	0.32 years
250,000	250,000	$75.00	July 29, 2023	0.41 years
17.500	17,500	$75.00	August 4, 2024	1.43 years
430,511	430,511	$56.51		0.41 years

As at February 28, 2023, 430,511 warrants are outstanding with a weighed average exercise price of $56.51 and a weighted average remaining contractual life of 0.41 years.

Stock option plan

The Company has adopted a rolling incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees or consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 15% of the issued and outstanding common shares of the Company. Options and RSU's granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

(Expressed in Canadian Dollars)

Movements in the number of stock options outstanding and their related weighted average exercise prices are as follows:

	Number of options	Weighted average exercise price $
Outstanding, February 28, 2021	163,739	4.20
Granted	50,000	6.60
Exercised	(2,000)	(4.80)
Forfeitures and cancellations	(32,904)	(2.40)
Outstanding, February 28, 2022	178,835	5.28
Exercised	(149,268)	(4.55)
Forfeitures and cancellations	(6,667)	(3.00)
Outstanding, February 28, 2023	22,900	11.07

Stock options outstanding and exercisable as at February 28, 2023 are as follows:

Number of Stock Options				
Outstanding	Exercisable	Exercise Price	Expiry Date	Contractual Life of Options Remaining
400	400	$4.73	March 15, 2024	1.04 years
6,667	6,667	$3.00	January 15, 2026	2.88 years
2,500	2,500	$3.00	March 30, 2026	3.08 years
13,333	13,333	$16.80	November 1, 2026	3.68 years
22,900	22,900	$11.07		3.33 years

As at February 28, 2023, 22,900 stock options are outstanding with a weighed average exercise price of $11.07 and a weighted average remaining contractual life of 3.33 years.

The fair values of the stock options were estimated as at the date of the grant using the Black-Scholes option pricing model, with the following assumptions and resulting fair values:

	March 30, 2021	November 1, 2021
Risk-free interest rate	0.94%	1.60%
Expected life of the warrants	5 years	5 years
Annualized volatility	125%	125%
Dividend Rate	0.00%	0.00%
Grant date common share fair value	$2.40	$14.10

For the period ended February 28, 2023, the Company recognized share-based compensation of $526,110 (2022: $157,848) related to stock options granted and vested during the period.

Restricted Share Units ("RSUs")

On June 28, 2021, the Company granted an aggregate of 16,167 restricted share units to a consultant. The RSUs vest as follows: (a) 8,000 six months following the date of grant, and (b) 8,167 twelve months following the date of grant.

On July 6, 2021, the Company granted an aggregate of 14,500 restricted share units to an advisor. The RSUs vest as follows: (a) 7,167 six months following the date of grant, and (b) 7,333 twelve months following the date of grant.

(Expressed in Canadian Dollars)

On July 14, 2021, the Company granted an aggregate of 1,667 restricted share units to an advisor. The RSUs vest as follows: (a) 833 six months following the date of grant, and (b) 834 twelve months following the date of grant.

On August 9, 2021, the Company granted an aggregate of 1,333 restricted share units to an advisor. The RSUs vest as follows: (a) 666 six months following the date of grant, and (b) 667 twelve months following the date of grant.

The RSUs granted entitle the holder to receive a payout with respect to the vested RSUs within 60 days of vesting. The RSUs were converted to common shares during the quarter. As at and for the period ended May 31, 2022, the Company had recorded a liability of $289,800 on the statement of financial position, and a corresponding share-based compensation expense on the statement of comprehensive loss which represents the fair value of the RSUs based on the market price as of the date of vesting or period-end. This amount was reversed upon conversion of the restricted share units.

FINANCIAL INSTRUMENTS AND RISKS

Fair values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at February 28, 2023 and February 28, 2022, as follows:

		February 28, 2023		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	4,016,650	4,016,650	-	-

		February 28, 2022		
	Carrying value $	Level 1 $	Level 2 $	Level 3 $
Cash	13,235,203	13,235,203	-	-

The fair values of other financial instruments, which include accounts receivable, accounts payable, RSU liability, convertible note and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure on outstanding GST and taxes recoverable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. GST and taxes recoverable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

Currency risk

Currency risk is the risk that changes in foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. The Company has minimal financial assets and liabilities held in foreign currencies.

Interest rate risk

Interest rate risk consists of two components:

(i) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.

(ii) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term nature and maturity. The Company's amounts due to related parties are non-interest bearing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Capital management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of all components of shareholders' equity.

The Company manages its capital structure and adjusts it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended February 28, 2023.

OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

The Company has no off-balance sheet arrangements or proposed transactions.

SIGNIFICANT ACCOUNTING POLICIES

The Company follows the accounting policies described in Note 3 of Generative AI Solutions Corp.'s audited consolidated financial statements for the twelve months ended February 28, 2023, with the exception of the new accounting standards adopted in the current year, as described below.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise judgment in applying the Company's accounting policies. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ from amounts included in the financial statements. The critical accounting estimates and judgments used by the Company are described in Note 3 of Generative AI's audited consolidated financial statements for the twelve months ended February 28, 2023.

ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

RISK FACTORS

This section discusses factors relating to the business of the Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's 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.

We are an early, commercial-stage company with a limited operating history

The Company has limited historical financial data upon which to base our projected revenue, planned operating expenses or upon which to evaluate our business and our commercial prospects. Based on our limited experience in developing and marketing our existing products and services as well as launching new products, we may not be able to effectively:

- drive adoption of our current and future products and services;
- attract and retain customers for our products and services;
- provide appropriate levels of customer training and support for our products and services;
- implement an effective marketing strategy to promote awareness of our products and services;
- develop, manufacture and commercialize new products or achieve an acceptable return on our manufacturing or research and development efforts and expenses;
- anticipate and adapt to changes in our market or predict future performance;

- accommodate customer expectations and demands with respect to our products and services;
- grow our market share by marketing and selling our products and services to new and additional market segments;
- maintain and develop strategic relationships with vendors and manufacturers to acquire necessary materials for the production of our existing or future products;
- adapt or scale our manufacturing activities to meet potential demand at a reasonable cost;
- avoid infringement and misappropriation of third-party intellectual property;
- obtain any necessary licenses to third-party intellectual property on commercially reasonable terms;
- obtain valid and enforceable patents that give us a competitive advantage;
- protect our proprietary technology; and
- attract, retain and motivate qualified personnel.

The Company may not be able to manage its growth

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

The Company is subject to changes in laws, regulations and guidelines which could adversely affect the Company's future business, financial condition and results of operations

The Company's operations will be subject to various laws, regulations and guidelines enacted by national, regional, and local governments. Changes to such laws, regulations and guidelines due to matters beyond the control of the Company may cause adverse effects to its operations. The Company endeavors to comply with all relevant laws, regulations and guidelines. To the best of the Company's knowledge, the Company is in compliance or in the process of being assessed for compliance with all such laws, regulations and guidelines as described elsewhere in this MD&A.

There is no assurance that the Company will turn a profit or generate immediate revenues

There is no assurance as to whether the Company will be profitable, earn revenues, or pay dividends. The Company has incurred and anticipates that it will continue to incur 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.

If our products and services fail to achieve and sustain sufficient market acceptance, we will not generate expected revenue and our business may not succeed

We cannot be sure that our current or future services will gain acceptance in the marketplace at levels sufficient to support our costs. We must successfully develop and commercialize our technology for use in a variety of life science and other applications. Even if we are able to implement our technology and develop products successfully, we and/or our sales and distribution partners may fail to achieve or sustain market acceptance of our products across the full range of our intended life science and other applications.

In attempting to keep pace with any new market developments, the Company will need to expend significant amounts of capital in order to successfully develop and generate revenues from new products. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which together with capital expenditures made in the court of such product development and regulatory approval processes, may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is dependent upon the Company's executive officers and directors and their departure could adversely affect the Company's ability to operate

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's CEO, technical experts, management team and sales personnel. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its products. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute its business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of its employees.

The size of the Company's target market is difficult to quantify, and investors will be reliant on their own estimates on the accuracy of market data

Because the artificial intelligence industry is in a nascent stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors will have to rely on their own estimates in deciding whether to invest in the Company. There can be no assurance that the Company's estimates are accurate or that the market size is sufficiently large for its business to grow as projected, which may negatively impact its financial results. The Company regularly purchases and follows market research.

The Company could be liable for fraudulent or illegal activity by its employees, contractors and consultants resulting in significant financial losses or claims against the Company

The Company is exposed to the risk that its employees, independent contractors and consultants may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to the Company that violates: (i) government regulations; (ii) manufacturing standards; (iii) federal and provincial healthcare fraud and abuse laws and regulations; or (iv) laws that require the true, complete and accurate reporting of financial information or data. It is not always possible for the Company to identify and deter misconduct by its employees and other third parties, and the precautions taken by the Company to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting the Company from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against the Company, and it is not successful in defending itself or asserting its rights, those actions could have a significant impact on the Company's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of the Company's operations, any of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company will be reliant on information technology systems and may be subject to damaging cyber-attacks

The Company has entered into agreements with third parties for hardware, software, telecommunications and other information technology ("IT") services in connection with its operations. The Company's operations depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

The Company has not experienced any material losses to date relating to cyber-attacks or other information security breaches, but there can be no assurance that the Company will not incur such losses in the future. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access is a priority. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

The Company's officers and directors may be engaged in a range of business activities resulting in 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 also become involved in other transactions which conflict with the interests of its directors and the 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 compete 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. In certain circumstances, the Company's reputation could be damaged.

Damage to the Company's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views regarding the Company and its activities, whether true or not. Although the Company believes that it operates in a manner that is respectful to all stakeholders and that it takes care in protecting its image and reputation, the Company does not ultimately have direct control over how it is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall ability to advance its projects, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

Risks of foreign operations

The Company's strategy includes exporting its expertise and technologies to foreign countries. Working outside of Canada gives rise to the risk of dealing with business and political systems that are different than what the Company is accustomed to in Canada. The potential risks include expropriation or nationalization; civil insurrection; labor unrest; strikes and other political risks; fluctuations in foreign currency and exchange controls; increases in duties and taxes; and changes in laws and policies governing operations of foreign based companies. Restrictions on repatriation of capital or distributions of earnings could adversely affect the Company in the future.

Anti-bribery and anti-corruption laws

The Company is subject to anti-bribery and anti-corruption laws, including the Corruption of Foreign Public Officials Act (Canada) and the U.S. Foreign Corrupt Practices Act. Failure to comply with these laws could subject the Company to, among other things, reputational damage, civil or criminal penalties, other remedial measures and legal expenses which could adversely affect the Company's business, results of operations and financial condition. It may not be possible for the Company to ensure compliance with anti-bribery and anti-corruption laws in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located or may be located in the future.

Market risks for securities

The market price of common shares, should the Company become listed on a securities exchange, may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control.

Dividends

Other than the dividends paid in connection with the Transaction, the Company has not paid any dividends on its issued and outstanding common shares and may not pay dividends in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the board of directors of the Company (the "Board") and will depend on, among other things, financial results, cash requirements, contractual restrictions and other factors that the Board may deem relevant. As a result, investors may not receive any return on an investment in the Common Shares unless they sell their common shares of the Company for a price greater than that which such investors paid for them.

Financing risk

The Company will be dependent upon the capital markets to raise additional financing in the future. As such, the Company is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. These and other factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. The Company may not be able to raise capital on favorable terms or at all, which could have an adverse impact on the Company's operations and the trading price of the common shares, should the Company become listed on a securities exchange. Additionally, future financing may substantially dilute the interests of the Company's shareholders.

Changes to tax laws may have an adverse impact on the Company and holders of the Company's common shares

Changes in tax laws, including amendments to tax laws, changes in the interpretation of tax laws, or changes in the administrative pronouncements or positions by the Canada Revenue Agency, or CRA, may have a material adverse effect on the Company. In addition, tax authorities could disagree with the Company on tax filing positions taken by the Company and any reassessment of the Company's tax filings could result in material adjustments of tax expense, income taxes payable and deferred income taxes.

Changes in tax laws, including amendments to tax laws, changes in the interpretation of tax laws or changes in the administrative pronouncements or positions by the CRA, may also have a material adverse effect on the Company's shareholders and their investment in the Company's common shares. Purchasers of the Company's common shares should consult their tax advisors regarding the potential tax consequences associated with the acquisition, holding and disposition of the Company's common shares in their particular circumstances.

Additional Information

Additional information relating to the Company is available on the Company's website at HOME | GenAI (genai-solutions.com) and under the Company's profile on SEDAR at www.sedar.com.