MANAGEMENT DISCUSSION AND ANALYSIS FOR XR IMMERSIVE TECH INC. (FORMERLY FANTASY 360 TECHNOLOGIES INC.)

Three months ended
March 31, 2021 and 2020

Expressed in Canadian Dollars

Contents

This management's discussion and analysis (this "**MD&A**") of the performance, financial condition, and results of operations of XR Immersive Tech Inc. ("XRI", or the "Company", "we" and "our"), should be read in conjunction with the Company's condensed interim unaudited financial statements and the related notes thereto for the three months ended March 31, 2022 and 2021 as well as the condensed annual audited financial statements and the related notes thereto for the years ended December 31, 2021 and 2020 (the "**2021 Financial Statements**"). The Company's reporting currency is the Canadian dollar and all dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise specified. Unless otherwise indicated, the information contained in this MD&A is as of May 30, 2022.

The financial information of the Company contained in this MD&A is derived from the 2022 and 2021 Financial Statements, which were prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

Additional information relating to the Company, including the Financial Statements, is available at www.sedar.com.

Forward Looking Information

This MD&A includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation. All information, other than information regarding historical facts, included in this MD&A that addresses activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's and its equity investees' businesses, operations, plans and other such matters is forward-looking information.

When used in this MD&A, the words "estimate", "plan", "anticipate", "expect", "intend", "believe", "will", "should", "could", "may" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information.

The forward-looking information may include statements regarding:

- timelines;
- strategic plans;
- the business and operations of the Company;
- the Company's business objectives and discussion of trends affecting the business of the Company;
- the funds available to the Company and the principal purposes of those funds;
- anticipated revenues and cash flows from operations and funding requirements of the Company;
- capital, operating and general expenditures;
- expectations regarding the ability to raise capital;
- anticipated revenues to be realized by the Company from future contracts;
- treatment under governmental regulatory regimes and expectations with respect to regulatory approvals; and
- other forward-looking information including, but not limited to, information concerning the intentions, plans and future actions of the Company.

Forward looking information is based on reasonable assumptions, estimates, analysis, and opinions of management made considering its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such information is made available. Forward looking information is inherently subject to known and unknown risks and uncertainties and other factors that may cause the actual results, level of activity, performance, or achievements of the Company to be materially different from those expressed or implied by such forward-looking information. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, or intended, including the factors and risks described or referred to elsewhere herein, as well as unanticipated and/or unusual events. Many of such factors are beyond the Company's ability to predict or control. Risks and uncertainties that may affect forward-looking information herein include, but are not limited to, those which relate to:

- the need to obtain additional financing and uncertainty as to the availability and terms of future financing;
- the ability to acquire funds necessary for general working capital and continuing operations;
- reliance on Parent Company or sale of equity or investments to access funds required;
- the possibility that opportunities will arise that require more cash than the Company has or can reasonably obtain;

- uncertainties associated with business opportunities that may be presented to, or pursued by the Company;
- the Company's operations and profitability may be adversely affected by competition from other similar entities;
- uncertainties related to early stage of technology and product development; uncertainties related to regulatory regimes and laws;
- dependence on key personnel;
- fluctuations in the currency markets and stock market volatility;
- going concern considerations;
- conflicts of interest;
- competition for, among other things, capital, acquisitions, equipment, and skilled personnel;
- operating or technical difficulties in connection with business activities;
- the possibility of cost overruns or unanticipated expenses; and
- the other factors discussed under "*Risks and Uncertainties*".

Should one or more of these risks or uncertainties materialize, or should the assumptions set out in the section titled "*Risks and Uncertainties*" underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this MD&A, and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law.

Introduction to the business

XR Immersive Tech Inc. (the "Company") (formerly Fantasy 360 Technologies Inc.) affected a name change on February 3, 2022. The Company is 56.92% owned by Victory Square Technologies Inc. ("Victory Square"). The Company provides immersive experiences primarily through the construction of interactive real-world simulations using Virtual Reality ("VR") and Augmented Reality ("AR").

On September 3, 2021, the Company's common shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol VRAR. The Company's registered office is at Suite 401, 750 West Pender Street, Vancouver, British Columbia, V6C 2T7. The head office and principal address of the Company is located at Suite 240, 577 Great Northern Way, Vancouver, British Columbia, Canada, V5T 1E1.

Business Update

In the Quarter ended March 31 2022, the company continued to build on it opportunities, while facing some delays in the launch of its Uncontained attraction into the market as its customer for the first unit Autobahn, faced some permitting delays at it Chicago location. The Company used the time to further refine the product in anticipation of its launch by retrofitting the entire system with a version 2.0 upgrade of the hardware systems. The Company announced subsequent to the quarter that it had launched the production version of Uncontained. Several milestone announcements were made such as a development partnership with HTC, (50B Market Cap) the market leader in enterprise VR hardware systems. The closing of the Synthesis VR acquisition and subsequent launch of the Android DRM system allowing Synthesis and its 300 operators exposure to Android standalone headset solutions, helping them achieve greater costs efficiencies and access to more game titles. Further the Company launched is project with youtuber Chris Ramsay's over 6M subscribers, contributing both revenue and awareness with other youtubers of the Companies products.

In the quarter ended December 31, 2021, the Company executed on several goals, including a $3M debt financing which closed mid-December. In addition, the company attended the annual IAAPA Expo ("International Association of Amusement Parks and Attractions") which was attended by more than 28,000 people and where we demonstrated our pilot Hyper-Immersive™ VR Attraction UNCONTAINED™ and its first companion game Deep Signal™ to more than 3,500 attendees in the attractions industry. Feedback was very positive and we summarily signed Letters of Intent ("LOIs") for the purchase of 12 units to 2 different buyers. The first of these units is due to deliver to the customer early this summer.

We further filed 2 patents and 3 trademarks to protect the Company's intellectual property in the VR space and signed a development partnership with DTS Inc. a leader in next generation audio technologies used in the UNCONTAINED attraction. We announced our development program for UNCONTAINED™/OS, which is a core technology enabling our Hyper-Immersive VR systems for environmental haptics including smell, sound, temperature, and physical interactions. We also shipped a one-of-a-kind Immersive Experience based on our core technologies to Youtube influencer Chris Ramsay who has over 6.4M subscribers.

Overall Performance

The following key transactions were recorded in the financial statements of the Company for the period ended March 31, 2022:

- Signed a binding Letter of Intent dated January 4, 2022 to acquire California-based Synthesis VR, one of the largest location-based VR companies in the world with the gold standard VR arcade facility management software (SaaS) and one of the largest VR game library marketplaces (325+ games, K-12 educational experiences). Synthesis VR serves more than a location-based entertainment industry, but also operates a broader sandbox platform serving the education and enterprise sectors as well. The Synthesis VR software engine provides everything the modern VR arcade and Family Entertainment Center needs to power their VR experiences, a vital component of many locations internationally. The transaction provides the Company with leading software and distribution capabilities that the Company expects will accelerate growth in the fast growing $148 Billion VR/AR market.

- Announced a long-term development agreement with HTC Corporation ("HTC"), the leading technology pioneer in innovative virtual reality ("VR") technologies, and its VIVE VR headset division, to assist with further development to elevate the Company's hyper-immersive VR technologies to new levels. The development relationship with HTC will ensure the Company is at the cutting edge of VR technology. HTC's platforms are uniquely positioned to allow the Company to leverage its deep knowledge in VR technology into the development of next generation hyper-immersive metaverse experiences.
- Completed a name change from Fantasy 360 Technologies Inc. d/b/a Immersive Tech to XR Immersive Tech Inc., effective as of February 3, 2022.
- Filed two full patent applications for its patent-pending technology with the Canadian Intellectual Property Office.
    - The first patent application is titled "System and Method for Plug and Play VR" and covers the overall UNCONTAINED VR gaming package including, but not limited to, customer viewing, on-site installation, overall coordination, competitive gameplay, blockchain-based rewards tokens and integration of all these features with immersive effects.
    - The second patent application is titled "System and Method for Immersive Effects" and covers Immersive Tech's unique intellectual property around providing immersive effects for different experiences which include, but are not limited to, virtual reality gaming.

  These applications add to the Company's growing patent portfolio as the Company has previously filed U.S. provisional patent applications for its technology.
- Announced that Synthesis VR launched full support for all Android standalone/mobile head-mount display **(**"HMD"**)** VR headsets and XR devices including a first to market digital rights management **(**"DRM"**)** solution for its network of over 300 global VR arcade operators and beyond. The Synthesis VR DRM solution provides support for free-roam arena and room-scale game play using mobile HMD's. The Company believes its first mover advantage and continued innovation will cement it and Synthesis VR as key drivers for growth in the location-based VR industry.
- Completed and unveiled a custom mixed media escape experience for recognized magician and YouTuber sensation Chris Ramsay. The experience featured the Company's proprietary Uncontained/OS automation platform controlled by a wide range of immersive props, turning an originally vacant room in Ramsay's studio into a futuristic hotel aboard a space station.
- Retained Lytham Partners, LLC ("Lytham") to provide investor and public relations services on a month-to-month basis, pursuant to an agreement dated effective February 1, 2022. The services will include support for investment community outreach and corporate communications. As consideration for the services, Lytham will receive US$7,000 per month. The Agreement may be renewed or terminated by either party on thirty days written notice.
- On February 2, 2022, the Company closed its acquisition of 100% of the equity interests of Syntheis VR for aggregate upfront consideration of $4,800,000 (the "UpfrontPurchase Price"). The Upfront Purchase Price is payable as follows: (i) $500,000 in cash with: (A) $200,000 payable on the date of closing of the Transaction, being February 18, 2022 (the "Closing Date"); (B) $200,000 payable upon the earlier of the completion of certain financing objectives of the Company and May 1, 2022; and (C) $100,000 payable upon the earlier of the completion of certain additional financing objectives of the Company and December 31, 2022; and (ii) 12,285,714 Shares with an aggregate value of $4,300,000 at a deemed price per Share equal to $0.35, which such Shares subject to contractual escrow with tranched release over a period of 20 months. In addition, subject to applicable laws and approval of the CSE, in addition to the Purchase Price, the Company has agreed to pay the Vendors up to $5,000,000, payable through the issuance of Shares or by cash, subject to and upon the achievement of certain mutually agreed upon performance milestones over

two separate earn-out periods. For each earn-out tranche, subject to achievement of specified milestones during the respective milestone period, the Company will pay the Vendors an aggregate of $2,500,000 payable through cash or the issuance of Shares at a price equal to the 10 trading day volume weighted average price of the Shares ending on last day of the respective earn-out period.

- Announced further to a loan facility from Westdale Construction Co. Limited ("Westdale"), the Company fulfilled a finder's fee agreement (the "Finder's Agreement") between the Company and Generation PMCA Corp. ("Generation") dated October 14, 2021. The Company has paid, as consideration for Generation having introduced Westdale to the Company, a finder's fee consisting of a cash payment in the amount of $150,000 to Generation and issued an aggregate of 966,332 common share purchase warrants of the Company (the "Finder's Warrants") as directed by Generation, with each such warrant exercisable for the purchase of one common share in the capital of the Company for a period of 48 months from the date of issuance at a price of $0.52 per Finder's Warrant. The Finder's Warrants and any common shares issuable upon exercise thereof are subject to a four-month hold period in accordance with applicable securities law.
- Announced that it’s recently acquired subsidiary, Synthesis VR, has joined forces with VictoryXR ("VictoryXR") in bringing their educational content to LBVR operators worldwide, accessible through the Synthesis VR content marketplace. VictoryXR is one of the largest providers of virtual reality ("VR") educational content for levels starting in Kindergarten and up to Grade 12. The Company believes by bringing K to Grade 12 STEM (Science, Technology Engineering, and Mathematics) content, LBVR operators can take advantage of these immersive learning experiences to attract students, parents, tutors and school field trips, thus expanding their business, particularly in off-peak day-time hours.

Discussion of Operations

REVENUE

Revenue for the three months ended March 31, 2022 was $176,676 compared to $Nil for the three months ended March 31, 2021. In 2021, the Company also shifted away from immersive experience contracts and moved toward a project called UNCONTAINED™ which was under development for most of 2021.As well the Company recognized $129,446 from the Synthesis acquisition.

COST OF GOODS SOLD

Cost of goods sold for the three months ended March 31, 2022 was $82,749 compared to $Nil for the three months ended March 31, 2021.The increase in cost of goods sold is related to the immersive experience contracts towards a project called UNCONTAINED™

GROSS MARGIN

Gross margin for the three months ended March 31, 2022 was $93,927 or 53% compared to $Nil or 0% for the three months ended March 31, 2021. The increase in gross margin in 2021 was due to the fact that the Company’s costs related to the immersive experience.

EXPENSES

Expenses for the three months ended March 31, 2022 was $2,159,654 compared to $540,245 for the three months ended March 31, 2021.

Material variances over the comparable period are discussed below.

Consulting fees

Consulting fees for the three months ended March 31, 2022 were $225,540 compared to $62,495 for the three months ended March 31, 2021. The increase in consulting fees for the year was a result of the Company incurring more costs to related parties and external parties in relation to the Company.

Professional fees

Professional fees for the three months ended March 31, 2022 were $162,214 compared to $20,392 for the three months ended March 31, 2021. The increase in 2021 is attributable to accounting and legal fees paid for the Company in relation to various audits and the acquisition.

Rent

Rent for the three months ended March 31, 2022 was $12,252 compared to $39,195 for the three months ended March 31, 2021. The decrease in 2021 is attributable to a concerted effort to reduce fixed costs during 2021 due to lower revenue described above.

Research and development

Research and development for the three months ended March 31, 2022 was $185,597 compared to $338,070 for the three months ended March 31, 2021. During the period ended December 31, 2021, the Company began incurring costs related to the UNCONTAINED™ project, both relating to the internal development of software as well as a physical, customized shipping container with equipment fixtures.

Salaries and Wages

Salaries and wages for the three months ended March 31, 2022 was $351,838 compared to $34,389 for the three months ended March 31, 2021. The increase in salaries and wages in 2021 is due to the additional staff retained due to the redirection of the Company as well as several senior executives compensated as contractors and expensed in consulting fees.

Sales and Marketing

Sales and marketing for the three months ended March 31, 2022 was $171,111 compared to $30,654 for the three months ended March 31, 2021. The current period increase is again attributable to the costs associated with marketing for the IPO transaction as well as to market the new UNCONTAINED™ project.

Share-Based Payments

Share-based payments for the three months ended March 31, 2022 was $526,806 compared to $Nil for the three months ended March 31, 2021. The current period was the first in which the Company granted and vested stock options to directors, employees, and consultants.

Summary of Quarterly Results

The following information is derived from quarterly financial information:

Fiscal Quarter Ended	Revenue	Net Income / (Loss) for the Period	Basic Income / (Loss) Per Share	Diluted Income / (Loss) Per Share
March 31, 2022	176,676	(1,846,127)	(0.02)	(0.02)
December 31, 2021	39,043	(2,329,826)	(0.03)	(0.03)
September 30, 2021	28,037	(597,611)	(0.01)	(0.01)
June 30, 2021	40,880	(1,011,027)	(0.01)	(0.01)
March 31, 2021	-	(407,006)	(0.01)	(0.01)
December 31, 2020	67,188	(104,616)	(0.00)	(0.00)
September 30, 2020	583,302	496,713	0.01	0.01
June 30, 2020	437,982	(237,029)	(0.01)	(0.01)

Discussion of movements between quarters are as follows:

- Q1 2022 – increased revenue due to the Synthesis acquistiom; increased costs as company started to scale.
- Q4 2021 – small amount of revenue from one customer, majority of costs going to development of UNCONTAINED™ business unit, business development, and share-based compensation.
- Q3 2021 – small amount of revenue from one major customer, majority of costs going to development and consulting for UNCONTAINED™ and initial public offering (IPO).
- Q2 2021 – small amount of revenue from one customer, majority of costs going to research and development for UNCONTAINED™
- Q1 2021 – nil revenues and only costs being incurred for UNCONTAINED™ IP development
- Q4 2020 – winding down of several final projects, decreased but still incurring operating expense costs
- Q3 2020 – increased gross margin due to some projects cancelling their orders due to COVID restrictions, but nonrefundable deposits so recognized revenues with no further costs
- Q2 2020 – COVID effect on operations, decreasing revenue contracts and also decreasing costs incurred as moved employees to contractors to scale back operations during uncertainty

At March 31, 2022, the Company had total current assets of $2,108,742 (December 31, 2021 - $3,341,442) comprised of $1,122,934 (December 31, 2021 - $2,932,795) in cash, $560,672 (December 31, 2021 - $46,211) in prepaid expenses, $47,835 (December 31, 2021 - $17,272) in other receivables, $98,699 in government subsidy receivable (December 31, 2021 - $182,782), $48,860 (December 31, 2021 - $18,364) in government sales tax receivable, and $229,742 (December 31, 2021 - $144,018) in inventory. Conversely, the Company had total current liabilities of $4,228,301 (December 31, 2021 - $4,051,959) comprised of $207,322 (December 31, 2021 - $105,242) in trade payables, $171,000 (December 31, 2021 - $188,973) in accrued liabilities, $15,562 in current portion of lease liability (December 31, 2021 - $13,977), $919,109 (December 31, 2021 - $1,119,109) in amounts due to parent, and $2,819,363 in short-term bridge term loan (December 31, 2021 - $2,560,172).

As at March 31, 2022 the Company had a working capital deficiency of $2,119,559 compared to a deficiency of $710,517 as at December 31, 2021.

The Company's ability to meet its obligations and activities over the long-term depends on its ability to generate cash flow through the issuance of common shares of the Company pursuant to equity financings and short-term or long-term loans. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company has minimal cash flow from operations and is dependent upon raising equity financing to sustain its operations.

Liquidity

Capital Resources

As at May 30, 2022, the Company has 90,393,641 outstanding common shares. The Company has 7,400,000 stock options and 600,000 executive performance-based warrants exercisable at $0.25 for 5 years. The Company has 1,600,000 consultant warrants exercisable at $0.25 for 2 years, 3,537,115 subscription receipt warrants and broker warrants exercisable at $0.52 for 2 years, and 2,966,332 lender and finder warrants exercisable at $0.52 for 4 years.

Off-Balance Sheet Arrangements

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 Company's financial performance or financial condition, including with respect to revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Transactions Between Related Parties

During the period ended March 31, 2022, and 2021, the Company entered into the following transactions with related parties:

		March 31, 2022		March 31, 2021
Consulting fees paid to Chief Marketing and Design Officer	$	24,000	$	27,000
Equity based compensation to CEO	$	12,775	$	-
CEO compensation	$	25,000	$	37,800
Consulting fees paid to company controlled by CFO	$	70,232	$	29,779
Share based compensation to related parties	$	48,058	$	-

Related Party Balances

At March 31, 2022, the Company has $57,532 (December 31, 2021 - $41,533) due to related parties included in other payables and accrued liabilities and $Nil (December 31, 2021 - $17,272) due from related parties included in other receivables. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Related Party Loans

		March 31, 2022		December 31, 2021
Due to Victory Square (Parent Company)	$	919,109	$	1,119,109
	$	919,109	$	1,119,109

Loans from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

Critical Accounting Estimates

The Company’s significant accounting estimates are presented in Note 2 in the notes to the audited annual financial statements. The preparation of these audited financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period presented and reported amounts of expenses during the same period. Actual outcomes could differ from these estimates. The financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates may require accounting adjustments based on future occurrences. Any revisions to accounting estimates are recognized in the period in which the estimate is revised and in future periods if the revision affects the future. These estimates are based on historical experience, current and future economic conditions, and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities if actual results differ from assumptions made include, but are not limited to, the following:

- The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses.
- The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
- Critical judgements are made regarding assessment of impairment to the carrying value of the Company's assets.
- At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized in the statement of loss and comprehensive loss for the period.
- Changes in any of the assumptions used in impairment testing could materially affect the result of the analysis.

As at May 30, 2022, the Company reviewed the carrying value of its assets for indicators of impairment. After this review, it was determined that there were no indicators of impairment, and no impairments were recognized in the audited financial statements.

Changes in Accounting Policies including Initial Adoption

At the date of the MD&A, certain new standards and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Company. Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first year beginning after the effective date of the pronouncement. New standards, interpretations and amendments not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements.

Financial Instruments and Other Instruments

Fair value

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies, as disclosed below. However, considerable judgment is required to develop certain of these estimates. Accordingly, these estimated values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of each class of financial instruments are discussed below.

The different levels for valuation of financial instruments carried at fair value have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Quoted market prices for an identical asset or liability represent a Level 1 valuation. When quoted market prices are not available, the Company maximizes the use of observable inputs within valuation models. When all significant inputs are observable, the valuation is classified as Level 2. Valuations that require the use of significant unobservable inputs are considered Level 3.

Cash is measured using Level 1 inputs. Instruments carried at fair value are measured using level 3 inputs.

The Company's financial instruments consist of cash and cash equivalent, other receivables, government subsidy receivable, government sales tax receivable, trade payables, loan payable, lease liability, CEBA loan, and related party balances. The carrying value of financial instruments approximates the fair value at March 31, 2022 and December 31, 2021. The carrying value of the loan payable approximates its fair value since it was calculated using the Company's borrowing rate although the terms of the loan are below market. The carrying values of the amounts due from related parties approximates their fair values since they were recorded at fair value at inception.

Other Risks and Uncertainties

FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies. Credit risk on cash is assessed as low. The Company's receivables consist of trade receivables, due from related parties, and government sales tax receivable. Based on the evaluation of receivables at March 31, 2022, the Company believes that its receivables are collectable. However, due to the current COVID-19 pandemic, there is an increase in the uncertainty of collectability and management has determined credit risk to be high.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's main source of funding has been loans from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. Liquidity risk is assessed as high.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company is not exposed to significant foreign exchange risk.

The Company has limited capital resources and must rely upon private placements for cash required to make new investments and to fund the administration of the Company.

These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial may also adversely impact the Company's business, results of operations and financial performance. The most significant risks and uncertainties faced by the Company are set out below.

Limited Operating History

The Company has limited operating history as a revenue producing entity. The Company and its business prospects must be viewed against the background of the risks, expenses, and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets. There is no certainty that the Company will be able to operate profitably.

Going-Concern Risk

The Company's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Company will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Negative Cash Flow

The Company has a limited history of operations, and very little history of earnings, cash flow or profitability. The Company has had negative operating cash flow since the Company's inception, and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful in developing their current business strategy. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future operations. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated investments.

Technology Sector Risk

General risks of technology companies include the risks of rapidly changing technologies, short product life cycles, fierce competition, aggressive pricing and reduced profit margins, loss of patent, copyright and trademark protections, cyclical market patterns, evolving industry standards and frequent new product introductions.

Regulatory Risks

Changes in or more aggressive enforcement of laws and regulations could adversely impact companies involved in the technology sector. Failure or delays in obtaining necessary approvals, changes in government regulations and policies and practices could have an adverse impact on such businesses' future cash flows, earnings, results of operations and financial condition.

Intellectual Property Rights

Companies involved in the development and operation of certain technologies may be dependent on intellectual property rights; the loss of which could harm its business, results of operations and its financial condition. There can be no assurance that any company's products will not violate proprietary rights of third parties or that third parties will not assert or claim that such violation has occurred. Any such claims and disputes arising may result in liability for substantial damages which in turn could harm the underlying business, results of operations and financial condition.

Cyber Security Risks

The Company is dependent on information technologies to conduct its operations, including management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm operations and materially adversely affect operation results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error.

The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. There can be no assurance that the Company has the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

Competition

The market for similar technology is highly competitive on both a local and a national level. Competitors may also have longer operating histories or greater name recognition. There can be no assurance that any company will successfully differentiate its products from its competitors, or that the marketplace will consider one technology to be superior to others.

Key Personnel

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Conflicts of Interest

Certain of the Company's directors and officers may, from time to time, serve as directors or officers of other companies involved in similar businesses to the Company and, to the extent that such other companies may participate in the same ventures in which the Company may seek to participate, such directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's results of operations and financial condition.

COVID-19

In March of 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s ability to raise funds in the future. The Company was not immune from the effects of the global pandemic. The Company encountered supply chain issues, travel restrictions, and impact on production.

The Company initially faced a decrease in its business due to the in-person nature of its product. However, the Company was able to deliver its product to key customers and close several new deals within the 2020 fiscal year. In the second half of fiscal 2020, Immersive Tech shifted focus and capitalized upon the pandemic shutdown of live events and attractions. The executive team focused efforts and resources on creating a state-of-the-art 5D all immersive attraction called "UNCONTAINED™". While similar companies folded during 2020, Immersive Tech capitalized upon the time to create the next generation of family-fun attractions. In early April of 2021, the Company announced that Immersive Tech had signed of a letter of intent with Autobahn Indoor Speedway USA for an option of up to 10-unit purchase of "UNCONTAINED™".

DISCLOSURE OF INTERNAL CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

INFORMATION AVAILABLE ON SEDAR

Additional information about the Company, including in the form of previously published financial statements, management discussion and analyses and press releases, is available on SEDAR at www.sedar.com.