

Pangea Natural Foods Inc.
(also referred to as “Pangea” or the “Company”)
Management’s Discussion and Analysis

The following management’s discussion and analysis (“MD&A”) should be read in conjunction with the audited financial statements for the year ended October 31, 2022, prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

All dollar figures included therein and in the following discussion analysis are quoted in Canadian dollars unless otherwise noted.

Date

This “MD&A” is dated February 27, 2023 and is in respect of the year ended October 31, 2022. The discussion in this MD&A focuses on this period. Estimates and forward-looking information are based on assumptions of future events and actual results may vary from these estimates. This MD&A is prepared in conformity with National Instrument 51-102F1 and has been approved by the Board of Directors of the Company.

Disclaimer for Forward-Looking Statements

This MD&A contains forward-looking statements relating to future events. In some cases, forward-looking statements can be identified by such words as “anticipate”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe” or similar expressions. These statements represent management’s best projections, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

Description of the Business

Pangea Natural Foods Inc. (“Pangea” or the “Company”) was incorporated on April 10, 2021 under the laws of the British Columbia Business Corporations Act. The registered records office of Pangea is located at 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5. The Company was formed to research and develop as well as produce and sell plant-based patties and other plant-based foods that are nutritious, and non-GMO.

Pangea Foods sells a plant-based patty that has been manufactured in-house at a facility in the Lower Mainland of British Columbia which utilizes brand new, customized production machinery, which has been approved by both the Canadian Food Inspection Agency and the Federal Drug Administration. The products are then packaged and distributed via our multiple sales channels. To provide a convenient experience for Pangea Food customers, we are offering our products along E-commerce as well as retail, such as Save-On-Foods, Loblaws Companies Limited, IGA Marketplace BC, Fresh Street Market and wholesale networks.

Corporate Highlights

Operational Highlights

The following are the Company's notable operational achievements for the year ended October 31, 2022 and to the date of this MD&A:

- In November 2021, the Company began distributing its products to retail stores and launched its plant-based patties in selected Save-on-Foods locations. As at the date of this MD&A, the Company does not have a formal agreement in place with Save-On-Foods, but receives purchase orders from Save-On-Foods for Pangea's plant-based patties. Pangea has received repeated orders from every Save-On-Foods location to which it has distributed thus far, and the Company's plant-based patties are currently stocked in approximately 41 Save-On-Foods locations.
- In January 2022, the Company received their first order with Vegano Foods Inc. for the Company's plant-based patties in the amount of approximately \$20,000. The Company also expanded its presence in Save-on-Foods retail stores during this month by increasing distribution to an additional 25 locations, bringing the current total number to 41 locations.
- In February 2022, the Company expanded its retail presence by distributing its products to and having its products made available for sale in retail locations of Fresh St. Market.
- In March 2022, the Company completed the research and development of their plant-based Chick'n bites. The Company has also developed another product and added it to the Company's product list called "Old Fashioned Ghee". This product is a 400g jar of clarified butter made using organic butter from New Zealand. The cows producing the milk used to make this product are grass fed and Old Fashioned Ghee is rich in Vitamin E, Vitamin A and antioxidants and is lactose free. The facility has a special permit issued by the Canadian Dairy Commission required in order to purchase the butter from New Zealand.
- In March 2022, the Company received its first set of purchase orders for plant-based patties from Loblaws on behalf of Real Canadian Superstore, including orders from 7 different retail locations. As at the date of this MD&A, the Company does not have a formal agreement in place with Loblaws, but receives purchase orders from Real Canadian Superstore for Pangea's plant-based patties.
- In April 2022, the Company added an additional two products to the Company's product list, being Whole Wheat Flour and Durum Flour. This product is sold in 20lb bags. In April 2022, the Company has also decided that they will also be adding rice to the Company's product list and is currently in the process of investigating suppliers for the raw materials.
- In April 2022, the Company completed a purchase order from Save-On-Foods to purchase 400 cases of Old Fashioned Ghee, representing approximately 4,800 individual jars. These cases of Old Fashioned Ghee are being distributed to all Save-On-Foods locations across Canada, making the product a nationally sold product.
- In April 2022, the Company began negotiations with SMPL Oats Ltd. to act as a distributor for their oat milk products to retailers. As at the date of this MD&A, the Company does not yet have a formal agreement in place.
- In May 2022, the Company finalized the packaging design of the plant-based Chick'n bites and is waiting on the packaging to be delivered to begin selling the product.

- In May 2022, the Company began the process of adding another product to its product line, a 'munchie mix', a product which includes mixed nuts, such as almonds and cashews, white chocolate chunks and raisins. These mixes will be sold in individual packages of 45 grams.
- On July 4, 2022, the common shares of the Company commenced trading on the Canadian Securities Exchange under the trading symbol PNGA.
- Also in July, the Company formally launched Pangea Old Fashioned Ghee, a grass-fed, organic, clarified butter sourced from New Zealand to the market.
- In mid-July and early August, the Company announced the listing of its products, Pangea Old Fashioned Ghee and Pangea Plant-Based Patties, in all Save-on-Foods and Loblaws Companies Limited stores across British Columbia and Alberta.

Summary of Quarterly Results

The following table provides selected quarterly financial data for the completed quarters since the inception of the Company:

	October 31, 2022 \$	July 31, 2022 \$	April 30, 2022 \$	January 31, 2022 \$	October 31, 2021 \$	July 31, 2021 \$
Revenue	389,819	99,849	198,362	10,230	68,495	-
Net loss for the period	(431,207)	(338,077)	(194,910)	(170,616)	(161,071)	(7,752)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)	(7,752)

The Company incurred a net loss of \$431,207 in the three months ended October 31, 2022, compared to a net loss of \$338,077 in the previous quarter. Gross profit increased by \$5,972 during the last quarter compared with the third quarter of fiscal 2022. This increase was offset by a \$149,111 increase in expenditures. The increase in net loss was mainly driven by a \$236,141 increase in advertising and promotion as a result of a 3-month marketing campaign that started in September 2022 and an impairment of intangible assets of \$36,000 as the carry value of the patent formula was higher than its recoverable amount at October 31, 2022.

The Company incurred a net loss of \$338,077 in the three months ended July 31, 2022 as compared to a net loss of \$194,910 in the previous quarter. Gross profit decreased by \$20,307 during the third quarter of fiscal 2022 compared with the second quarter. This decrease was offset by a \$19,852 decrease in expenditures. The increase in net loss was mainly driven by listing fees recognized of \$142,826 as a result of the Company's shares being publicly listed during the quarter.

The Company incurred a net loss of \$194,910 in the three months ended April 30, 2022 as compared to a net loss of \$170,616 in the previous quarter. Net loss in the three months ended April 30, 2022 increased slightly due to share based compensation recognized on stock options issued during the period, slightly offset by a decrease in professional fees due to decreased consulting fees incurred.

The Company incurred a net loss of \$170,616 in the three months ended January 31, 2022, which is comparable to a net loss of \$161,071 in the previous quarter.

The Company incurred a net loss of \$161,071 in the three months ended October 31, 2021 as compared to a net loss of \$7,752 in the previous quarter. Net loss in the three months ended

October 31, 2021 increased significantly due to the Company ramping up operations and incurring professional fees and salaries and wages for the first time.

The Company incurred a net loss of \$7,752 in the three months ended July 31, 2021 due to the Company just starting operations.

Selected Financial Information

The following tables set out selected financial information for our Company, which has been prepared in accordance with IFRS:

	Year ended October 31, 2022	Period from incorporation on April 10, 2021 to October 31, 2021
Revenue	\$ 698,260	\$ 68,495
Operating expenses	\$ 940,140	\$ 165,286
Net loss and comprehensive loss for the period	\$ (1,134,810)	\$ (173,193)
Basic and diluted loss per share for the period	\$ (0.04)	\$ (0.04)
Weighted average number of shares outstanding	27,385,138	3,972,256

	As at October 31, 2022	2021
Total assets	\$ 620,339	\$ 1,341,949
Non-current liabilities	\$ -	\$ -
Shareholders' equity	\$ 211,765	\$ 1,225,127

Refer to section *"Discussion of Operations"* for discussions of the details of revenue, operating expenses, and the composition of net loss during the period as compared to the comparable period.

Total assets as at October 31, 2022, was \$620,339, which was comprised of cash, accounts receivable and other receivables, prepaid expenses, inventory, equipment and right-of-use asset, and intangible assets.

As at October 31, 2022, prepaid expenses of \$176,580 comprises approximately 28% of the Company's total assets. Approximately 83% of total prepaid expenses relate to prepayments for advertising and marketing services. The prepaid advertising and marketing services relate to digital marketing campaigns expected to be executed within the next 12 months. The campaigns will include, but are not limited to: news distributions, video creations, search engine optimization, social media advertising and campaigns and product photoshoots. As at October 31, 2022, inventory comprises approximately 14% of the Company's total assets, refer to Note 6 in the financial statements.

Results of operations for the three months ended October 31, 2022

Pangea's loss for the three months ended October 31, 2022, was \$431,207 as compared to a loss of \$161,071 in the comparative period of 2021. During the period, the Company was focused and ramping up sales of its plant-based patties as well as launching its newest product, Old Fashioned Ghee.

Revenue

The Company recorded revenue of \$389,819 during the period as compared to \$68,495 in the similar period from 2021. Revenue from sales of each product is broken down as follows:

Product	Three months ended	
	2022	October 31, 2021
Plant-based patties	\$ 3,425	\$ -
Old Fashioned Ghee	\$ 33,540	\$ -
Flour	\$ 4,946	\$ -
Munchie Mix	\$ 7,057	\$ -
Raw food products	\$ 340,851	\$ 68,495

Cost of sales

The Company recorded cost of sales of \$378,555 during the period as compared to \$54,032 in 2021, related to the purchase of plant-based patties, Old Fashioned Ghee, flour and raw food products for resale. The cost of sales related to the plant-based patties comprises overhead allocations of rent for production and storage, labour for production and amortization of production equipment, as well as direct costs, including the cost of raw ingredients and the cost of packaging material. Cost of sales related to the flour and Old Fashion Ghee relate to direct costs.

Gross profit

As a result of revenue exceeding the cost of sales, the Company recognized a gross profit of \$11,264 during the period ended October 31, 2022 as compared to a gross profit of \$14,463 during the comparative period in 2021.

Expenses

The major expenses incurred in the period, resulting in the loss, primarily related to advertising and promotion, professional fees, and salaries and wages.

Advertising and promotion for the period were \$252,277 as compared to \$4,870 in the three-month period ended October 31, 2021 and related to marketing campaigns.

Professional fees for the period were \$35,638 as compared to \$55,077 in the three-month period ended October 31, 2021, and mainly related to legal fees for general business matters, consulting fees for CFO services, and general accounting services.

Salaries and wages for the period were \$31,604 as compared to \$80,803 in the comparative period in 2021 and related to wages for the CEO of the Company, refer to section "Transactions with Related Parties", as well as wages for one part-time administrative staff.

Other items

The Company recognized \$43,692 as compared to \$Nil in the comparative period in 2021 in listing fees. The listing expenses were previously included in prepaid expenses and were incurred in connection with the Company's shares being listing on the Canadian Securities Exchange. Listing expenses mainly related to legal costs, direct costs to list, and accounting costs to prepare the

required documents for the prospectus filing. The Company also wrote off \$Nil in inventory wastage during the last quarter of fiscal 2022 as compared to \$21,786 in the comparative period in 2021. The Company recognized an impairment of intangible assets of \$36,000 as compared to \$Nil in the comparative period in 2021 as the Company determined that the carrying value of the patty formula was higher than its recoverable amount.

Results of operations for the year ended October 31, 2022

Pangea's net loss for the year ended October 31, 2022, was \$1,134,810 as compared to a net loss of \$173,193 in the period from incorporation on April 10, 2021 to October 31, 2021. During the year, the Company was focused on launching its plant-based patties and ramping up related sales, as well as launching the Company's Old Fashioned Ghee product while also developing two new products, the plant-based Chickn' bites and Munchie Mix to get ready for launch in 2023. The Company also listed its shares on the Canadian Securities Exchange.

Revenue

The Company recorded revenue of \$698,260 during the year as compared to \$68,495 in the period from incorporation on April 10, 2021 to October 31, 2021. Revenue from sales of each product is broken down as follows:

Product	Year ended October 31,	
	2022	2021
Plant-based patties	\$ 102,108	\$ -
Old Fashioned Ghee	\$ 103,631	\$ -
Flour	\$ 20,564	\$ -
Munchie Mix	\$ 7,059	\$ -
Raw food products	\$ 464,898	\$ 68,495

Cost of sales

The Company recorded a cost of sales of \$657,287 during the year as compared to \$75,818 in the period from incorporation on April 10, 2021 to October 31, 2021, of which \$460,140 was related to the purchase of raw products, \$197,147 are related to the plant-based patties, Old Fashioned Ghee and flour. The cost of sales related to the plant-based patties is comprised of overhead allocations of rent for production, labour for production and amortization of production equipment, as well as direct costs, including the cost of raw ingredients and the cost of packaging material. Cost of sales related to the flour and Old Fashion Ghee relate to direct costs.

Gross profit

As a result of revenue exceeding the cost of sales, the Company recognized a gross profit of \$40,973 during the year ended October 31, 2022 as compared to a gross loss of \$7,323 during the period from incorporation on April 10, 2021 to October 31, 2021.

Expenses

The major expenses incurred in the year, resulting in the loss, primarily related to advertising and promotion, professional fees, and salaries and wages.

Advertising and promotion for the year were \$272,671 as compared to \$6,740 in the period from incorporation on April 10, 2021 to October 31, 2021 and related to marketing campaigns.

Professional fees for the year were \$331,241 as compared to \$55,077 in the period from incorporation on April 10, 2021 to October 31, 2021 and related to consulting fees for general business development, legal fees related to the prospectus filing for the Company, and accounting fees related to bookkeeping services as well as the preparation of the financial reports and the audit for the period ended March 31, 2022, required for the prospectus filing.

Salaries and wages for the year were \$160,791 as compared to \$80,803 in the period from incorporation on April 10, 2021 to October 31, 2021 and related to wages for the CEO of the Company, refer to section "*Transactions with Related Parties*", as well as wages for two other employees including part-time administrative staff and part-time digital marketing specialist.

Other items

The Company recognized an impairment of intangible assets of \$36,000 as compared to \$Nil in the comparative period in 2021 as the Company determined that the carrying value of the patty formula was higher than its recoverable amount.

The Company recognized \$186,518 as compared to \$Nil in the comparative period in 2021 in listing expenses. The listing expenses were previously included in prepaid expenses and were incurred in connection with the Company's shares being listed on the Canadian Securities Exchange. Listing expenses are mainly related to legal costs, direct costs to list, and accounting costs to prepare the required documents for the prospectus filing.

Disclosure of Outstanding Share Data

Authorized share capital of the Company consists of an unlimited number of Class "A" common shares without par value.

As of the date of this MD&A, the Company had 36,015,001 common shares issued and outstanding. In addition, there are 11,640,500 warrants outstanding, 3,347,750 options outstanding and exercisable, and 2,050,000 restricted share units outstanding.

Transactions during the year ended October 31, 2022:

On November 17, 2021, the Company completed a second tranche of the private placement, issuing 150,000 units at a price of \$0.10 per unit for gross proceeds of \$15,000. Each unit consists of one common share and one half of one common share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.20 for a period of 24 months commencing on the date of issuance. A value of \$7,500 has been allocated to the common share purchase warrants using the residual value method.

On July 13, 2022, the Company issued 50,000 common shares pursuant to the exercise of options for gross proceeds of \$5,000 at a price of \$0.10 per common share. In connection with the issuance, \$1,627 was transferred from share-based payments reserve to share capital.

On July 20, 2022, the Company issued 50,000 common shares pursuant to the exercise of warrants for gross proceeds of \$5,000 at a price of \$0.10 per common share. In connection with the issuance, \$3,000 was transferred from share-based payments reserve to share capital.

On September 6, 2022, the Company issued 100,000 common shares pursuant to the exercise of warrants for gross proceeds of \$10,000 at a price of \$0.10 per common share. In connection with the issuance, \$6,000 was transferred from share-based payments reserve to share capital.

On September 14, 2022, the Company issued 100,000 common shares pursuant to the exercise of warrants for gross proceeds of \$10,000 at a price of \$0.10 per common share. In connection with the issuance, \$6,000 was transferred from share-based payments reserve to share capital.

Liquidity and Capital Resources

As at October 31, 2022, the Company had a working capital of \$181,062 (October 31, 2021 - \$1,165,055). As at October 31, 2022, the Company had cash on hand of \$75,951 (October 31, 2021 - \$807,574) to meet accounts payable and accrued liabilities of \$408,574 (October 31, 2021 - \$116,822).

Working capital is mainly comprised of accounts receivable of \$248,750, see below for a discussion of cash flows in the period, and prepaid expenses of \$176,580, as discussed in “*Selected Financial Information*”, offset by accounts payable and accrued liabilities of \$408,574.

Cash Flows

Net cash used in operating activities

Net cash used in operating activities for the year ended October 31, 2022, was \$718,601 as compared to \$529,765 used by operating activities in the period from incorporation on April 10, 2021 to October 31, 2021. The Company generated a net loss and had negative cash flows from operating activities due to the Company launching two products to the market and ramping up of operations. The Company expects to have sufficient working capital to meet any operating cash outflows or working capital requirements for the immediate future.

Net cash used in investing activities

Net cash used in investing activities for the year ended October 31, 2022, was \$7,200 as compared to \$60,981 in the period from incorporation on April 10, 2021 to October 31, 2021 and related to the purchase of a vegan nugget formulation.

Net cash used in financing activities

Net cash used in financing activities for the period ended October 31, 2022, was \$1,320 as compared to net cash provided by financing activities of \$1,398,320 in the period from incorporation on April 10, 2021 to October 31, 2021. This cash outflow was due to lease payments offset by proceeds received from the issuance of units and the exercise of warrants and options.

The Company has no commitments to make capital expenditures in future fiscal periods.

Off-Balance Sheet Arrangements

Refer to the “*Commitment*” section below.

Commitment

On February 23, 2022, the Company entered into a short-term lease agreement for the lease of a facility and specific equipment for the manufacturing and storing of the Company's products. The lease commenced on February 16, 2022 and ended on February 16, 2023, with monthly lease payments of \$3,500. The lease was not renewed but was extended on a month-to-month basis.

As at October 31, 2022, the Company is committed to minimum lease payments as follows:

Maturity analysis	
Less than one year	\$ 14,000
One to five years	-
Total commitments	\$ 14,000

Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of Pangea, including officers and directors of Pangea.

Related parties consist of the following individuals:

- Pratap Sandhu, CEO and director
- Rubens Tse, CFO
- Toni Madan, former CFO
- Mohammad S. Fazil, director
- Nashir Virani, director

	Three months ended October 31,		Year ended October 31,	Period from incorporation on April 10, 2021 to October 31, 2021
	2022	2021	2022	
Professional fees				
Management entity that provides CFO services	\$ 28,941	\$ 5,000	\$103,523	\$ 5,000
Salaries and wages				
Pratap Sandhu, CEO and director	27,692	63,180	120,000	74,013
Share-based payments				
Pratap Sandhu, CEO and director	-	-	32,531	-
Mohammad Fazil, director	-	-	8,133	-
	\$56,633	\$ 68,180	\$264,187	\$79,013

All transactions with related parties were intended to be carried out on the same basis as if such transactions were with arm's length parties.

As at October 31, 2022, included in accounts payable and accrued liabilities was \$20,049 (October 31, 2021 – \$66,075) owed to Pratap Sandhu, CEO of the Company, \$20,190 (2021 - \$5,000) owed to a management entity for the provision of CFO services, \$7,844 (October 31,

2021 – \$Nil) owed to a company owned by Nashir Virani, a director of the Company, and \$50,702 (2021 - \$666) owed to a company that the CEO of the Company has significant influence over.

As at October 31, 2022, \$94,703 (October 31, 2021 – \$Nil) included in accounts receivables and other receivables was owed by a company owned by Nashir Virani, a director of the Company.

Other transactions

During the year ended October 31, 2022, the Company completed sales of raw materials to a company owned by Nashir Virani, a director of the Company, in the amount of \$331,344 (period from incorporation on April 10, 2021 to October 31, 2021 – \$68,495).

During the year ended October 31, 2022, the Company incurred listing fees of \$19,835 (2021 - \$Nil) with a management entity.

During the year ended October 31, 2022, the Company incurred \$102,990 (2021 - \$23,063) for purchases of inventory, \$39,340 (2021 - \$Nil) for labour included in inventory, \$40,000 (2021 - \$17,500) for rent of which \$10,000 (2021 - \$Nil) is included in inventory, \$7,200 (2021 - \$25,000) in intangible assets, \$1,950 (2021 - \$Nil) in sales, \$Nil (2021 - \$1,500) for advertising and promotion, \$Nil (2021 - \$15,000) for professional fees, and \$Nil (2021 - \$21,500) for equipment to companies that the CEO of the Company has significant influence over.

Financial Risk Management Objectives and Policies

Pangea is exposed to financial risks arising from its operations and from its use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The following describes Pangea's objectives, policies, and processes for managing those risks and the methods used to measure them.

The overall objective of management is to set policies that seek to reduce risk to the extent possible without unduly impacting Pangea's competitiveness and flexibility. Further details regarding these policies are set out below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's functional and presentation currency is the Canadian dollar and financings and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to the foreign currency risk is not considered to be material. The Company has not had a material change in or management of this risk during the year ended October 31, 2022.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest earned on cash is insignificant

and the Company does not rely on interest income to fund its operations. As a result, the Company's exposure to interest rate risk is not considered to be material. The Company has not had a material change in or management of this risk during the year ended October 31, 2022.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Company does not hold equity investments in other entities and therefore is not exposed to other price risk. The Company's exposure to and management of this risk has not changed materially during the year ended October 31, 2022.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and trade receivables are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with either major financial institutions or reputable institutions with a sufficiently long operating history to be considered reliable for creditworthiness purposes. The Company mitigates credit risk by monitoring its exposure for credit losses with customers. 70% of the trade receivable balance at October 31, 2022, relates to two customers (October 31, 2021 – 100% related to one customer). The Company has determined that no provision for expected credit losses is required as all amounts outstanding are considered collectible. Subsequent to October 31, 2022, the Company collected 24% of its trade receivables. Management does not believe that there is significant credit risk arising from the current customer base. The maximum exposure to loss arising from trade receivables and cash is equal to their total carrying amounts.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk through the management of its capital structure. The Company addresses its liquidity by raising capital through the issuance of equity to supplement revenues from operations. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

The table below summarizes the maturity profile of the Company's financial liabilities based on the remaining period to the contractual maturity date as at October 31, 2022.

	On demand	Less than 1 year	1-3 years	Total
October 31, 2022				
Accounts payable and accrued liabilities	\$408,574	-	-	\$408,574
October 31, 2021				
Accounts payable and accrued liabilities	\$116,822	-	-	\$116,822

Fair values

The Company's financial instruments consist of cash, trade receivables, and accounts payable and accrued liabilities. Cash is carried at fair value through profit or loss, while accounts receivable and other receivables, and accounts payable and accrued liabilities are carried at amortized cost. The fair values of accounts receivable and other receivables, and accounts payable and accrued liabilities approximate their carrying values due to their short terms to maturity.

The Company classifies its financial assets at fair value through profit or loss according to the fair value hierarchy as follows:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from 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); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at October 31, 2022 and 2021, cash was measured at fair value through profit or loss in accordance with Level 1 of the fair value hierarchy. The Company had no transfers between levels of the fair value hierarchy during the year ended October 31, 2022.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to support its business plan, as well as to ensure that the Company is able to meet its financial obligations as they become due. The Company considers its capital for this purpose to be equity, which totalled \$211,765 at October 31, 2022 (2021 - \$1,225,127).

The basis for the Company's capital structure is dependent on the Company's expected business growth and changes in the business environment. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company believes it will be able to raise capital as required but recognizes there will be risks involved that may be beyond its control. There are no external restrictions on the management of capital. There have been no changes in the way in which the Company manages capital in the period. As at October 31, 2022, the Company expects its capital resources and projected future cash flows from operations to support its normal operating requirements on an ongoing basis. As at October 31, 2022, there were no externally imposed restrictions on the capital, or management thereof, of the Company.

Events Subsequent to October 31, 2022

- i) On November 21, 2022, the Company issued 700,000 common shares pursuant to the exercise of warrants at a price of \$0.10 per common share for gross proceeds of \$70,000. In connection with the issuance, \$42,000 was transferred from share-based payments reserve to share capital.
- ii) On February 13, 2023, the Company completed a private placement, issuing 7,650,000 units at a price of \$0.10 per unit for gross proceeds of \$765,000. Each unit consists of one common

share and one half of one common share purchase warrant. Each warrant entitles the warrant holder to acquire one additional common share of the Company at an exercise price of \$0.20 for a period of 24 months commencing on the date of issuance. In connection with the private placement, the Company issued 128,000 finder's warrants and paid a cash finder's fee of \$12,800. The finder's warrants have the same terms as those in the private placement unit.

- iii) On February 13, 2023, the Company's Board of Directors approved the adoption of a new rolling 15% omnibus share incentive plan (the "Omnibus Plan") to supersede the Company's existing rolling 10% incentive stock option plan. The Omnibus Plan provides for the award of additional share-based compensation in addition to incentive stock options, including restricted share units, performance share units and deferred share units.
- iv) On February 13, 2023, the Company granted 1,047,750 stock options to consultants of the Company. The options are exercisable at a price of \$0.18 per share, vesting immediately, and expire three years from the date of grant.
- v) On February 13, 2023, the Company granted 2,050,000 restricted share units ("RSUs") to consultants of the Company. Each RSU entitles the holder to acquire one common share of the Company on vesting. 1,850,000 of the RSUs will vest over 18 months from the date of grant, with a third vesting every six months. The remaining 200,000 RSUs will vest on April 16, 2024.
- vi) On February 17, 2023, the Company issued 30,000 common shares pursuant to the exercise of warrants at a price of \$0.20 per common share for gross proceeds of \$6,000. In connection with the issuance, \$3,000 was transferred from share-based payments reserve to share capital.

Critical Accounting Estimates

This MD&A is based on the financial statements which have been prepared in accordance with IFRS. The preparation of the financial statements requires that certain estimates and judgments are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances.

Information about critical estimates in applying accounting policies that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Valuation of inventory

In calculating final inventory values, management is required to determine an estimate of spoiled, obsolete or expired inventory and compares the inventory cost to the estimated net realizable value. The Company must determine if the cost of any inventory exceeds its net realizable value, such as in cases where prices have decreased, or inventory has spoiled or has otherwise been damaged.

Fair value calculation of share-based payments

Estimating fair value for granted stock options requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumptions about them.

Impairment of intangible assets

The Company has determined that the acquired intangible assets have indefinite useful lives. Therefore, at each reporting date, the Company is required to estimate the recoverable amount of the intangible assets. An asset's recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other relevant fair value indicators. The Company bases its impairment calculations on the most recent management forecast calculations, which are prepared separately for each of the Company's CGUs to which the intangible assets are allocated.

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

Pangea has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and determined that there are no standards that are relevant to the Company.

Management's Responsibility for Financial Statements

Management of the Company, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for the design and operations of internal controls over financial reporting.

The Company's management is responsible for establishing and maintaining adequate internal controls over financial reporting and the preparation of financial statements in accordance with generally accepted accounting principles. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Limitations of Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, believe that any disclosure controls and procedures or internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Approval

The Board of Directors of Pangea has approved the disclosure contained in this MD&A.