CRITICAL INFRASTRUCTURE TECHNOLOGIES LTD

Management's Discussion and Analysis

for the three and nine months ended March 31, 2023

Prepared as of May 30, 2023

ABOUT THIS MD&A

The following management's discussion and analysis ("**MD&A**") of financial condition and results of operations of Critical Infrastructure Technologies Ltd. (the "**Company**" or "**CTTT**") should be read in conjunction with the Company's unaudited interim financial statements for the three and nine months ended March 31, 2023, and the accompanying notes thereto (the "**Financial Statements**"), which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). This MD&A has been prepared as of May 30, 2023, pursuant to the disclosure requirements under National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators. All monetary amounts are expressed in Australian dollars unless stated otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements which may constitute "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities law requirements (collectively, "**forward-looking statements**" or "**FLS**"). 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 FLS, except as required under applicable securities legislation. FLS relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events. In certain cases, FLS can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature FLS involve 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 the FLS. The Company provides no assurance that FLS will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on FLS.

The Company's anticipated future operations are forward-looking in nature and, as a result, are subject to certain risks and uncertainties. Although the Company believes that the expectations reflected in these FLS are reasonable, undue reliance should not be placed on them as actual results may differ materially from the forward-looking statements. Such FLS are estimates reflecting the Company's best judgment based upon current information and involve a number of risks and uncertainties, and there can be no assurance that other factors will not affect the accuracy of such forward-looking statements.

DESCRIPTION OF BUSINESS

The Company is a product development, manufacturer and services company powered by a team made up of engineers, marketing specialists and financial experts. The Company designs and develops innovative products that provide rapidly deployable communications and power systems to support life and mission critical applications for sectors such as the military and emergency service sectors. The Company's team specialises in critical communications products that support the activities of mining operations and protect the lives of emergency service and defence personnel.

The Company's lead product set is a range of rapidly deployable, high-capacity communications platforms called the Self Deploying Skid (the "**SDS**"), which is an integrated communications platform that can be quickly transported to remote and hostile locations and be fully operational and transmitting within 30 minutes of its initial set up. Using this breakout technology, the Company anticipates that it will secure its place in the high capacity mobile and rapidly deployable markets, delivering long-range communications systems into those places where they are most critically needed. The Company also anticipates that it will expand its business by combining quick-return sales with annuity-based leasing to the blue-chip resource, defence and government sectors.

OVERALL PERFORMANCE

The Company was incorporated under the *Business Corporations Act* (British Columbia) on August 11, 2021. The Company's head office and records and registered office is located at 2600 – 1066 West Hastings Street Vancouver, BC V6E 3X1 under the name 1319275 B.C. Ltd.

The Company entered into an arm's length share purchase agreement dated as of December 14, 2021 (the "**SPA**"), with Critical Infrastructure Technologies Pty Ltd. ("**CITP**") and CITP's securityholders and will be acceded to by all persons who become securityholders of CITP after the execution of the SPA (the "**CITP Shareholders**"). CITP is an Australian company focused on developing communications products for the mining, emergency service, defence and government sectors.

Pursuant to the SPA, the Company purchased and the CITP Shareholders sold 100% of the issued and outstanding shares in CITP (the "**CITP Shares**"). As consideration for the CITP Shares and on closing of such transaction (the "**Transaction**") on February 13, 2023, the Company issued to the CITP Shareholders an aggregate of 48,135,399 Common Shares. Also on this date, the Company changed its name to Critical Infrastructure Technologies Ltd. Pursuant to the Transaction, CITP became a wholly owned subsidiary of the Company.

On February 8, 2023, the Company closed a private placement of special warrants (the "**Special Warrant Financing**"), which resulted in 4,062,500 special warrants being issued at a price of C$0.30 per special warrant, raising an aggregate amount of C$1,218,750. On February 15, 2023, the special warrants of the Company were converted into 4,062,500 common shares in the capital of the Company (the "**Common Shares**").

On February 24, 2023, the Company received its final approval from the Canadian Securities Exchange (the "**CSE**") to list its Common Shares for trading on the CSE. The Common Shares were listed on the CSE effective February 24, 2023, and commenced trading at the opening of the markets on February 28, 2023, under the stock symbol "CTTT".

The Company also completed a private placement of Common Shares on March 31, 2023 (the "**Share Financing**"), pursuant to which, it issued 230,000 Common Shares at C$0.30 per Common Share for aggregate consideration of C$69,000.

For the period ended March 31, 2023, the Company was focused on building it's first full-scale pre-production SDSs.

As the Company is in the development phase, there were no revenues and the business was funded by money raised from external investors and debt. The Company expects that it will continue to be funded by debt, including the utilization of existing loan facilities available to the Company, or equity raises until such time as the Company become cash-flow positive. The Company, via its wholly owned subsidiary, CITP, will also continue to claim the research and development tax incentive rebate (the "**R&D Rebate**") that may be available to it or CITP.

Many aspects of the design of the SDSs have now been through rigorous testing and the management of the Company is of the view that they have managed to eliminate the majority of the design risks of the SDSs. The Company anticipates that the end product will continue to evolve and design changes will be made to ensure seamless production, whilst maintaining full functionality.

The Company is committed to focusing on the resource, emergency services and defence sectors, as it is the view of management of the Company that all are in the need for the deployment of rapid mobile telecommunications.

KEY DEVELOPMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023

During the period ended March 31, 2023, the Transaction closed. The Company also raised an aggregate of C$1,287,750 from equity financings. The Common Shares also began trading on the CSE on February 28, 2023.

The Company also began the build out of its first full-scale pre-production SDSs.

MATERIAL TRANSACTIONS AND DEVELOPMENTS

During the period ended March 31, 2023, the Transaction closed and CITP became a wholly owned subsidiary of the Company. The Company issued 48,147,899 shares to the shareholders of CITP @ $0.30 per shares, for a total value of $14,444,370, which is the reason why total assets have increased significantly.

Furthermore, the Company raised an aggregate of C$1,218,750 pursuant to the Special Warrant Financing and a further C$69,000 pursuant to the Share Financing. The Company also completed its listing on the CSE. Trading of its Common Shares on the CSE began on February 28, 2023.

SELECTED FINANCIAL INFORMATION

	Three months ended March 31, 2023 (unaudited) ($)	Year ended June 30, 2022 (audited) ($)	Year ended June 30, 2021 (audited) ($)
Total revenue	Nil	Nil	Nil
R&D rebates receivable	Nil	812,924	346,517
Loss for the period	499,015	607,493	360,318
Total assets	16,150,657	2,284,894	790,065
Total liabilities	760,184	1,856,406	1,149,284
Shareholders Equity	15,390,473	528,488	428,488

The accounts were prepared on an accrual basis.

The Company has been funded during the three months ended March 31, 2023, by the funds raised pursuant to the Special Warrant Financing.

All research and development costs are capitalised on the financial statements and amortised at the rate of 25% per annum.

The Company's subsidiary, CITP, is registered for the Australian Government Research and Development Incentive Rebate Scheme and as such, may be entitled to receive a grant equal to 43.5% of its eligible research and development expenditure ("**R&D Expenditure**"). CITP has capitalised $1,633,189 for the nine months ended March 31, 2023, which would result in an R&D Rebate of $710,427. As at the date of this MD&A and pursuant to a loan facility offered by Radium Capital, CITP has drawn down in loan funds totalling $622,640 against that expected R&D Rebate.

The process to obtain the R&D Rebate begins with an R&D tax incentive application (the "**R&D Application**") prepared and filed with the Australian Government, Department of Industry, Science, Energy and Resources ("**AusIndustry**"). If AusIndustry accepts the R&D Application, it will issue a notice of registration. CITP is then able to prepare its income tax returns and include a schedule detailing the eligible research and development expenditures, which are all expenses that relate to the conduct of the projects under the R&D Application, and file such returns with the Australian Taxation Office ("**ATO**"). The ATO reviews the income tax returns and either issues the R&D Rebate or requests more information from the applicant. CITP completed this process for both the financial years ended June 30, 2022, and June 30, 2021. CITP received its R&D Rebate for the financial year ended June 30, 2021, two weeks after filing its income tax returns, and for the financial year ended June 30, 2022, on November 9, 2022. CITP anticipates filing its R&D Application for the financial year ended June 30, 2023, and receiving its R&D Rebate for 2023 on a similar timeline.

The Company deems R&D Expenditures as all expenditure integral and directly related to the research and development of the SDS, which for the three months ended March 31, 2023, was calculated by the Company to equal an aggregate of $632,128. This expenditure is comprised of costs associated with the components purchased for the construction of the first full-scale platform together with consulting fees, salaries and general and administrative costs that was deemed to be directly related to the research and development of the SDS.

DISCUSSION OF OPERATIONS

The Company believes that an opportunity exists to commercialise a new category of communications infrastructure product, the need for which extends across a variety of sectors, including mining, emergency services, military/defence, utilities and carriers. The design specifications identified by the Company to achieve this goal of commercialization are as follows:

- the development of telecommunications carrier grade tower, power and environmental systems must be easily transportable to remote sites and must be both deployable and recoverable using common transport equipment;
- the communications infrastructure product must be hardened to withstand extreme environments, including mining dust, lightning, cyclonic rain, wind and fires;
- the communications infrastructure product should feature fully redundant systems, high fault tolerance of the product, and the ability to self diagnosis and provide status reports; and
- the communications infrastructure product should be 100% self powered using in-built solar panels.

As at March 31, 2023, the Company has completed the design of the SDS. As of the date of this MD&A, the Company has completed its ⅕ and ½ scale model of the SDS and has begun the build of the first full-scale pre-production SDS, that can be deployed to customer sites for compliance and acceptance testing. The Company expects to complete such build out in the next three months. The management of the Company anticipates that the building of the first full-scale pre-production client trial SDSs will allow assembly and production methodologies to be finalised and cost reduction strategies to be implemented.

Marketing efforts commenced in December of 2022 with demonstrations of the working ½ scale prototype and full-scale timber model to various resource companies. The Company expects to complete more demonstrations throughout 2023.

As a result of COVID-19, there has been an increase in certain costs together with supply issues on some components, but not excessively so. Inflation continues in recent times and as such, management of the Company expects there to be further price increases.

The Company expects that it will continue to be funded by debt, including the utilization of existing loan facilities available to the Company, or equity raises until such time as the Company become cash-flow positive. The Company's subsidiary, CITP, will also continue to claim the R&D Tax Incentive Rebate.

LIQUIDITY AND CAPITAL RESOURCES

Contractual Obligations	**Payments Due by Period**				
	Total	**Less than 1 year**	**1 – 3 years**	**4 – 5 years**	**After 5 years**
Debt	$393,576	$393,576	Nil	Nil	Nil
Finance Lease Obligations	Nil	Nil	Nil	Nil	Nil
Operating Leases	Nil	Nil	Nil	Nil	Nil
Purchase Obligations	Nil	Nil	Nil	Nil	Nil
Other Obligations	$366,608	$366,608	Nil	Nil	Nil
Total Contractual Obligations	$760,184	$760,184	Nil	Nil	Nil

The financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Continuing operations, as intended, are dependent on management's ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured, given today's volatile and uncertain financial markets. The Company may revise programs depending on its working capital position.

As at March 31, 2023, the Company had working capital of $602,581 (June 30, 2022 – $1,180,398), $602,581 is cash (June 30, 2022 – $169,186). Current liabilities, being accounts payable and accrued liabilities and loans totaling $760,184 (June 30, 2022 – $1,756,406). The significant reduction in Current Liabilities is as a result of the conversion of convertible loan notes and other loans into equity.

Cash used in operating activities were $934,262 (year ended June 30, 2022 - $1,825,073) compared to cash received of $1,247,900 (year ended June 30, 2022 - $1,972,213).

The $760,184 in obligations is further broken down as follows:

1. $297,292 is due to Radium Capital: The Company utilizes a loan facility provided by Radium Capital (the "**Radium Loan**"), which provides loan facilities based on a company's estimated R&D rebate for that year. The Company will repay the Radium Loan once the full years R&D Rebate is received, which is expected in August, 2023.
2. $366,608 in accounts payable: equipment related to research and development ($121,963), accrued wages ($118,318), consulting fees ($70,000) and superannuation payable ($56,327);
3. $96,284 is due to Foresense Ltd. in connection with an outstanding loan; and
4. $325,836 is due to JJC Consulting Services Trust. Junior Jay Pty Ltd. as trustee for The JJC Consulting Services Trust, which is 100% owned and controlled by Brenton Scott, a director and the Chief Executive Officer of the Company.

Other than the above-mentioned current liabilities, the Company has no short-term capital spending requirements and future plans and expectations are based on the assumption that the Company will realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. There can be no assurance that the Company will be able to obtain adequate financing in the future or if available that such financing will be on acceptable terms. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings. Any equity offering will result in dilution to the ownership interests of the shareholders of the Company and may result in dilution to the value of such interests.

Historically, the Company's sole source of funding has been loans from related parties and private placements. 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 low.

The principal uses of cash since inception have been for the development of our product including general and administrative costs. Going forward, additional funds will be needed for continued product development and sales and marketing as we continue our commercialisation efforts.

OFF-BALANCE SHEET TRANSACTIONS

The Company has not entered into any off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

23 XI Investments Pty Ltd. as trustee for The JJC Consulting Services Trust, which is 100% owned and controlled by Brenton Scott, a director and the Chief Executive Officer of the Company. Mr. Andrew Hill is a director and the Chief Technology Officer of the Company.

During the three months ended March 31, 2023, the Company was charged $49,725 (year ended June 30, 2022 - $198,000) for consulting fees by Junior Jay Pty Ltd., and Andrew Hill was paid $49,725 in salary and superannuation.

The Company continues, on a month-to-month basis, to rent the premises that the Company currently operates in South Fremantle, Western Australia at the price of $135 per sq metre. The Company occupies 3,022 square metres and total rent charged for the three months ended March 31, 2023, was $101,992 (year ended June 30, 2022 - $377,750).

PROPOSED TRANSACTIONS

There are no proposed transactions.

ADDITIONAL DISCLOSURE FOR IPO VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The table below sets forth a comparative breakdown of material components of the Company's (a) expensed research and development costs, (b) intangible assets arising from development, (c) general and administrative expenses, and (d) any material costs, whether expensed or recognized as assets, not referred to in paragraphs (a) through (c) for the three months ended March 31, 2023, and years ended June 30, 2022, and 2021:

	Three months ended March 31, 2023 (unaudited) ($)	Year ended June 30, 2022 (audited) ($)	Year ended June 30, 2021 (audited) ($)
Expensed research and development costs			
Consulting fees	Nil	94,759	13,018
Salaries	Nil	Nil	6,408
Travel	Nil	Nil	Nil
Other	Nil	7,516	7,016
Intangible assets arising from development(1)			
Consulting fees	77,932	223,314	104,812
Equipment and parts for SDS	200,224	186,420	43,994
Office rent	111,106	226,706	115,512
Salaries	173,959	353,150	51,595
Other	68,907	27,347	21,642
General and administrative expenses			
Advertising costs	Nil	Nil	200,000
Interest	Nil	90,595	11,040
Advisory and Investment Fee	52,500	544,207	Nil
Professional Fees	203,303	120,516	Nil
Other	2,309	49,817	25,721
Other material costs not disclosed above	Nil	Nil	Nil

Note:
(1) Net of accumulated amortization and impairment.

CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions concerning its financial future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Coronavirus (COVID-19)

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the entity unfavorably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The actual credit losses in future years may be higher or lower.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortization charges for its office equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortization charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Company tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The company is subject to income taxes in the jurisdictions in which it operates. The company recognizes liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Stock-based compensation

Management determines costs for share-based payments using market-based valuation techniques. The fair value of stock option awards is determined at the date of the grant using generally accepted valuation techniques. Assumptions are made and judgements are used in applying valuation techniques. These assumptions and judgements include estimating the future volatility of the stock price, expected dividend yield, forfeiture rates, and the fair value of the Company's Shares.

Determination of functional currency

In determining its functional currency, the Company considers factors related to its primary economic environment. These include the currency which mainly influences the Company's sales prices for goods and services, the country whose competitive forces and regulations mainly determine sale prices of its services, and the currency which mainly influences costs related to providing its services. The Company also considers secondary factors including the currency in which funds from financing activities are generated, and the currency in which operating activities are usually retained.

Going concern

The Company has historically incurred losses and the Company's ability to execute its strategy by funding future working capital requirements requires judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstance.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company does not expect any changes in any of its existing accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies in Note 2 of the Company's unaudited interim financial statements for the three and nine months ended March 31, 2023, have been consistently applied to all periods presented in the financial statements of the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Please see Note 3 of the Company's unaudited interim financial statements for the three and nine months ended March 31, 2023, for full discussion on financial instruments, the fair value measurement and associated risk management.

The Company's activities are exposed to a variety of financial risks: interest rate risk, market risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial results. Risk management is carried out by financial management in conjunction with overall corporate governance. There have been no changes to these policies during the three and nine months ended March 31, 2023.

Market risk

The Company's exposure to financial market risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk. There have been no significant changes to the Company's market risks other than as noted herein.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk arising from fluctuations in interest rates received on its cash and cash equivalents and other assets. Management does not believe this risk is significant.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate as a result of a change in foreign exchange rates. The Company cannot give any assurance that any future movements in the exchange rates of the Australian dollar against the Canadian dollar will not adversely affect the financial statements. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Management does not believe this risk is significant as minimal working capital balances are maintained in foreign currencies.

Credit risk

The Company's exposure to credit risk relates to cash and cash equivalents, accounts receivable and other assets and arises from the possibility that the third party does not satisfy its contractual obligations. The Company minimizes its exposure to credit risk and concentration risk by keeping the majority of its cash and cash equivalents and other assets with major chartered banks. The Company performs continuous evaluation of its accounts receivable and records an allowance for doubtful accounts when determined necessary.

SUMMARY OF OUTSTANDING SHARE DATA

As at March 31, 2023, the Company had 83,377,899 Shares issued and outstanding.

KEY DEVELOPMENTS SUBSEQUENT TO MARCH 31, 2023

Subsequent to March 31, 2023, the Company received a further advance of $325,608 from Radium Capital on May 12, 2023, which the Company anticipates repaying once the R&D Rebate for the year ended June 30, 2023, is received by the Company.

MATERIAL WEAKNESS

A material weakness is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The Company identified the following ongoing material weakness that applies to both disclosure controls and procedures and internal control over financial reporting:

> Due to the limited size of the Company, the Company does not have sufficient resources for reviewing the financial statements and cannot maintain adequate segregation of duties as is necessary to absolutely ensure complete and accurate financial reporting. Specifically, the Company's Chief Financial Officer is responsible for preparing, authorizing and reviewing information that is integral to the preparation of financial reports and is also responsible for day-to-day accounting. He is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatement in the Company's consolidated financial statements that would not be prevented or detected and, as such, has been determined to be a material weakness in internal controls over financial reporting, which also affects the Company's disclosure controls and procedures.

As of the date hereof, management of the Company has not yet developed a plan to remediate the material weakness. Management has concluded that, taking into account the present state of the Company's development, the Company does not have sufficient size and scale to warrant, and cannot reasonably justify, the expenditure for curing the material weakness given Management's view of the perceived risk in the material weakness.

RISK FACTORS

In addition to the other information included in this report, readers should consider carefully the following factors, which describe the risks, uncertainties and other factors that may materially and adversely affect the Company's business, products, financial condition and operating results. There are many factors that affect the Company's business and results of operations, some of which are beyond the Company's control. The following is a description of some of, but not all of, the important factors that may cause the Company's actual results of operations in future periods to differ materially from those currently expected or discussed in the FLS set forth in this report relating to the Company's financial results, operations and business prospects. Except as required by law, the Company undertakes no obligation to update any such FLS to reflect events or circumstances after the date of this MD&A.

For the purposes of this section, "**Material Adverse Change**" means any change of circumstances or any event which has, or would reasonably be expected to have, a material adverse effect in respect of the Company, any one or more changes, events or occurrences, and "**material adverse effect**" means, in respect of the Company, any change (or any condition, event or development involving a prospective change) in the business, operations, affairs (including the employment status of key employees), assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise) capitalization, financial condition, licenses, permits, rights or privileges of the Company or any of its subsidiaries which in the judgment of the Company, acting reasonably in the circumstances, could reasonably be expected to materially and adversely affect the Company and its subsidiaries taken as a whole or the value of the securities of the Company.

For a discussion of risk factors, please refer to the final prospectus of the Company under "Risk Factors" therein. The final prospectus dated February 13, 2023, is available under the Company’s profile on SEDAR at www.sedar.com.