

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Three Sixty Solar Ltd. (the "Company") is dated for May 15, 2023, and provides an analysis of the Company's unaudited condensed interim consolidated financial results for the three and six months ended March 31, 2023, compared to the three and six months ended March 31, 2022. The information within this MD&A should be read in conjunction with the Company's unaudited condensed interim financial statements for the three and six months ended March 31, 2023, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. Additional information relating to the Company is available on the Company's website at www.threesixtysolar.com. The Company's annual information form ("AIF") and other public filings made by the Company with Canadian securities regulatory authorities can be found under the Company's SEDAR profile at www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

This MD&A includes certain statements that may be deemed "forward-looking statements". Forward-looking statements usually include words such as may, will, would, expect, plan, anticipate, budget, estimates, potential, believe, intend, or other similar words. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing and general economic, market or business conditions. The Company does not update or revise forward-looking information even if new information becomes available unless legislation requires the Company to do so. Investors should not place undue reliance on forward-looking statements. Additional details of the specific risks associated with the operations of the Company and such forward-looking statements are set out below under "Risks and Uncertainties". Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to compliment those IFRS measures by providing further understanding of the results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of the Company's financial information reported under IFRS. Non-IFRS measures including "Working Capital" (calculated as current assets less current liabilities) were used in order to facilitate operating performance comparisons from period to period.

Overview and Nature of Operations

The Company was incorporated in Canada on February 12, 1996. The address of the Company's registered office and its head office is 1500, 1055 West Georgia Street, Vancouver, BC, V6E 4N7. The Company's stock trades on the NEO Exchange ("NEO") under the symbol "VSOL".

All of the Company's efforts are devoted to developing and selling a high-density clean energy solution. The Company's patent-pending vertical solar structures use up to 90% less land space than conventional methods allowing customers to implement a clean energy solution without harming the environment or surrounding habitats. The vertical solar structures provide up to a 10% power increase from heat dissipation through stack effect airflow within the towers and up to a 20% power increase from reflective and direct light, depending upon location and orientation compared to conventional methods.

Key Events

Reverse Takeover ("RTO")

On February 10, 2022, the Company and 1345100 B.C. Ltd., a newly created subsidiary of the Company ("Newco"), and Three Sixty Solar Ltd. ("Opco") entered into an amalgamation agreement (the "Amalgamation Agreement"). The Amalgamation Agreement was amended on May 6, 2022. Under the Amalgamation Agreement, the Company consolidated all of its issued and outstanding common shares on a 2:1 basis and Newco amalgamated with Opco. All of the outstanding common shares of the Company were exchanged for common shares of Opco on a one for one basis. In addition, all of the outstanding convertible securities of Opco were exchanged for securities of the Company on a one for one basis and on substantially the same economic terms and conditions. The transaction was completed on August 4, 2022.

In consideration for the RTO, the Company issued a total of 19,413,447 common shares of the Company to shareholders of Opco. As part of the transaction, the Company issued 3,833,334 performance warrants. The performance warrants vest when the Company has achieved \$10,000,000 in cumulative gross revenue.

Immediately after the completion of the transaction, the former holders of Opco's shares own 81% of the shares of the combined entity and the existing holders of the Company own 19% of the total combined entity shares. As a result of the RTO, the former shareholders of Opco acquired control of the Company, thereby constituting a reverse takeover of the Company. The RTO is considered a purchase of the Company's net assets by the shareholders of Opco.

Financings

On January 5, 2022, the Company completed a warrant financing of \$0.01 warrants for proceeds of \$205,000 and issued 20,500,000 warrants. Each warrant entitles the holder to purchase one common share at a price of \$0.25 per share until August 15, 2025.

On January 5, 2022, the Company completed a private placement of common shares at \$0.025 per share, issuing 6,416,653 common shares for total proceeds of \$160,417.

On January 5, 2022, the Company completed a unit private placement at \$0.025 per unit, issuing 4,080,127 units for total proceeds of \$102,003. Each unit consisted of one common share and one warrant, with each warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.10 per share until January 5, 2025.

On January 5, 2022, the Company completed a private placement of common shares at \$0.02 per share, issuing 1,250,000 common shares for total proceeds of \$25,000.

On August 4, 2022, the Company completed a private placement of 1,996,000 financing warrants (the “Financing Warrants”), concurrently with the close of the RTO. The Financing Warrants were issued at a price of \$1.00 per warrant for net proceeds of \$1,781,338. Each Financing Warrant was exercisable into one share of the Company at the option of the holder at any time for six months following the closing of the transaction. If not earlier exercised, the Financing Warrants automatically converted to one unit six months following the closing date of the transaction of August 4, 2022. Each unit consists of one share and one warrant (the “Additional Warrant”). Each Additional Warrant allows the holder to purchase one share at an exercise price of \$2.00 per share for 24 months following the date of issue. With regards to the private placement of Financing Warrants, the Company also issued 100,345 broker warrants entitling the purchase of up to 100,345 common shares at a price of \$2.00 per share until August 4, 2024.

In connection to the financings described above, to date:

- The Company has issued 2,051,152 shares for the exercise of 2,051,152 warrants at \$0.10 per warrant for proceeds of \$205,115.
- The Company has issued 7,892,733 shares for the exercise of 7,892,733 warrants at \$0.25 per warrant for proceeds of \$1,973,183.
- The Company issued 53,000 shares for the exercise of 53,000 Financing Warrants for no consideration. The remaining 1,943,000 Financing Warrants were automatically converted to 1,943,000 units, where each unit consists of one common share and one Additional Warrant.

Changes to the Governance Team

On January 18, 2023, Kyle Stevenson resigned from his positions as a director of the Company and as the chair of the Company’s audit committee. On the same date, the following appointments were made:

- Scott McLeod as chair of the audit committee and as the Company’s CEO
- Brian Roth, as an interim member of the audit committee

On April 19, 2023, Benjamin Parsons was appointed to the Company’s Board of Directors, and as a member of the Company’s Audit Committee. On the same date, Brian Roth resigned from his interim position on the Company’s audit committee.

Results of Operations

Income statement data

	For the six months ended March 31, 2023	For the six months ended March 31, 2022
Total revenue	-	-
Net loss and comprehensive loss	\$ (5,033,626)	\$ (547,884)
Weighted average number of shares	27,958,019	13,152,811
Basic and diluted loss per share	\$ (0.18)	\$ (0.04)

	For the three months ended March 31, 2023	For the three months ended March 31, 2022
Total revenue	-	-
Net loss and comprehensive loss	\$ (4,105,556)	\$ (325,280)
Weighted average number of shares	31,491,116	18,760,858
Basic and diluted loss per share	\$ (0.13)	\$ (0.02)

Balance sheet data

	As at March 31, 2023	As at September 30, 2022
Total assets	\$ 2,041,206	\$ 3,753,382
Total liabilities	\$ 1,352,092	\$ 706,933
Shareholders' equity	\$ 689,114	\$ 3,046,449

Total assets as at March 31, 2023 and September 30, 2022 were \$2,041,206 and \$3,753,382, respectively. The decrease in total assets of \$1,712,176 was primarily due to the amortization of prepaid marketing expenditures of approximately \$3.5 million and the payment of other operating expenses which was offset by cash raised from warrant exercises amounting to approximately \$2.1 million.

Total financial liabilities as at March 31, 2023 and September 30, 2022 were \$1,352,092 and \$706,933, respectively. The increase in total liabilities of \$645,159 was primarily due to higher accounts payable and accrued liabilities as at March 31, 2023, of \$930,888 (September 30, 2022 - \$569,668) which is largely a result of the timing of payments against outstanding payables and the recognition of a lease liability of \$325,594 due to the renewal of the Company's lease contract.

Shareholder's equity as at March 31, 2023 and September 30, 2022 was \$689,114 and \$3,046,449 respectively. The decrease in shareholder's equity is due to the deficit incurred for the six months ended March 31, 2023, offset by additions to shareholder's equity stemming from warrant exercises and vesting stock options and restricted share units.

Income statement variances for the six months ended March 31, 2023, and 2022

Six months ended	March 31, 2023	March 31, 2022	Change (\$)	Change (%)
Operating expenses				
Corporate	\$ 90,213	\$ 460	\$ 89,753	19512%
Depreciation	90,502	122	90,380	74082%
Marketing	3,513,355	58,007	3,455,348	5956%
Office	123,971	33,855	90,116	266%
Professional fees	590,603	283,523	307,080	108%
Research and development	-	15,360	(15,360)	(100%)
Salaries and wages	112,627	140,721	(28,094)	(20%)
Share-based compensation	502,992	-	502,992	100%
Travel	10,740	16,059	(5,319)	(33%)
Total operating expenses	\$ (5,035,003)	\$ (548,107)	\$ (4,486,896)	819%
Other loss				
Interest Income	401	-	401	100%
Foreign exchange gain	976	223	753	338%
Net and comprehensive loss	\$ (5,033,626)	\$ (547,884)	\$ (4,485,742)	819%

During the six months ended March 31, 2023, the Company incurred a net and comprehensive loss of \$5,033,626 compared to a net and comprehensive loss of \$547,884 for the six months ended March 31, 2022. The increase in net and comprehensive loss of \$4,488,050 is due to the following factors:

- The increase in corporate expense of \$89,753 is due to fees incurred for the maintenance of being publicly listed during the six months ended March 31, 2023. The Company was not publicly listed during the six months ended March 31, 2022.
- The increase in depreciation expense of \$90,380 is due to the depreciation of the right-of-use asset, leasehold improvements, and furniture assumed on the RTO which was completed on August 4, 2022.
- The increase in marketing expense of \$3,455,348 is a result of corporate and investor relations marketing services. The purpose of these marketing services is to increase investor awareness in the Company to enable the Company to continue its operational plan and gain market share in the solar industry.

- The increase in office expense of \$90,116 is largely due to assuming expenses of an additional company in the Company's consolidated financial statements as a result of the RTO. Office expenses assumed on the RTO include operating and interest costs associated with an office lease, and additional insurance premiums and bank fees, among other office-related costs.
- The increase in professional fees of \$307,080 is largely a result of the Company having entered into more contracts with consultants who provide services that support the development and maintenance of the Company's operations.
- The decrease in salaries and wages expense of \$28,094 is mostly due to the Company paying a salary to a sales director during the six months ended March 31, 2022. The Company did not employ a sales director during the six months ended March 31, 2023.
- The increase in share-based compensation of \$502,992 is a result of vesting stock options and restricted share units during the six months ended March 31, 2023. The Company did not have outstanding stock options or restricted share units during the six months ended March 31, 2022.

Income statement variances for the three months ended March 31, 2023, and 2022

Three months ended	March 31, 2023	March 31, 2022	Change (\$)	Change (%)
Operating expenses				
Corporate	\$ 38,652	\$ -	\$ 38,652	100%
Depreciation	45,250	6	45,244	754067%
Marketing	3,490,629	43,335	3,447,294	7955%
Office	60,113	10,096	50,017	495%
Professional fees	246,058	198,069	47,989	24%
Salaries and wages	51,237	62,950	(11,713)	(19%)
Share-based compensation	169,094	-	169,094	100%
Travel	8,610	11,047	(2,437)	(22%)
Total operating expenses	\$ (4,109,643)	\$ (325,503)	\$ (3,784,140)	1163%
Other loss				
Foreign exchange gain	4,087	223	3,864	1733%
Net and comprehensive loss	\$ (4,105,556)	\$ (325,280)	\$ (3,780,276)	1162%

During the three months ended March 31, 2023, the Company incurred a net and comprehensive loss of \$3,474,556, compared to a net and comprehensive loss of \$325,280 for the three months ended March 31, 2022. The increase in net and comprehensive loss of \$3,149,276 is due to the following factors:

- The increase in corporate expense of \$38,652 is due to fees incurred for the maintenance of being publicly listed during the three months ended March 31, 2023. The Company was not publicly listed during the three months ended March 31, 2022.

- The increase in depreciation expense of \$45,244 is due to the depreciation of the right-of-use asset, leasehold improvements, and furniture assumed on the RTO.
- The increase in marketing expense of \$3,447,294 is a result of corporate and investor relations marketing services. The purpose of these marketing services is to increase investor awareness in the Company to enable the Company to continue its operational plan and gain market share in the solar industry.
- The increase in office expense of \$50,017 is largely due to assuming expenses of an additional company in the Company's consolidated financial statements as a result of the RTO. Office expenses assumed on the RTO include operating and interest costs associated with an office lease, and additional insurance premiums and bank fees, among other office-related costs.
- The increase in professional fees of \$47,989 is mostly a result of the Company having entered into more contracts with consultants who provide services that support the development and maintenance of the Company's operations.
- The decrease in salaries and wages expense of \$11,713 is mostly due to the Company paying a salary to a sales director during the three months ended March 31, 2022. The Company did not employ a sales director during the three months ended March 31, 2023.
- The increase in share-based compensation of \$169,094 is a result of vesting stock options and restricted share units during the three-months ended March 31, 2023. The Company did not have outstanding stock options or restricted share units during the three months ended March 31, 2022.

Summary of Quarterly Results

	Total revenue \$	Net and comprehensive loss (\$)	Basic loss per share (\$)
March 31, 2023 (Q2, 2023)	Nil	(4,105,556)	(0.13)
December 31, 2022 (Q1, 2023)	Nil	(928,071)	(0.04)
September 30, 2022 (Q4, 2022)	Nil	(2,390,569)	(0.13)
June 30, 2022 (Q3, 2022)	Nil	(401,342)	(0.02)
March 31, 2022 (Q2, 2022)	Nil	(325,280)	(0.02)
December 31, 2022 (Q1, 2022)	Nil	(222,604)	(0.03)
September 30, 2021 (Q4, 2021)	Nil	(231,913)	(0.03)
June 30, 2021 (Q3, 2021)	Nil	(26,336)	(0.00)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company's expenditures have, to date, been subject to the availability of financing to fund continued operations. Quarterly net loss has remained relatively consistent with the exception of the most recent three quarters. The higher net and comprehensive losses that have been realized in recent quarters are explained as follows:

- The \$4,105,556 net and comprehensive loss for Q2, 2023, is characterized by the Company incurring higher marketing expenses than in prior quarters. In Q2, 2023, the Company incurred high marketing costs related to corporate and investor relations marketing services. These marketing services were acquired by the Company to encourage investment in the Company that will enable the Company to continue its operational plan and gain market share in the solar industry.
- The \$928,071 net and comprehensive loss for Q1, 2023, is mostly a result of higher corporate and professional fees stemming from the maintenance of being publicly listed and in support of the Company's developing operations, as well as share-based payment expenses derived from the vesting of options and restricted share units.
- The \$2,390,569 net and comprehensive loss for Q4, 2022 is largely due to listing expenses resulting from the RTO which was completed during the quarter. Also contributing to the net and comprehensive loss for Q4, 2022 are professional and regulatory fees associated with the RTO, as well as share based payment expenses derived from the vesting of options that were issued during the quarter. Higher losses for Q4, 2022 and following quarters is also partially attributed to the assumption and consolidation of expenses from an additional company as a result of the RTO.

Off-Balance Sheet Arrangements

As at the date of this MD&A, the Company has not entered into any off-balance sheet or income statement arrangements.

Proposed Transactions

In the normal course of business, the Company evaluates transactions and, in some cases, makes or is presented with proposals. These proposals, which are usually subject to Board, regulatory and sometimes shareholder approvals, may involve future payments, share issuances, or other commitments. These future obligations are usually contingent in nature. As of the date of this report, the Company has possible transactions that it is examining. Management is uncertain whether any of these proposals will ultimately be completed.

Liquidity and Capital Resources

The following table summarizes the Company's cash flows for the six months ended March 31, 2023, and 2022.

	Six months ended March 31, 2023	Six months ended March 31, 2022
Cash used in operating activities	\$ (4,768,091)	\$ (284,264)
Cash provided by financing activities	2,100,413	104,681
Decrease in cash	(2,667,678)	(179,583)
Cash, beginning of period	2,708,553	210,253
Cash, end of period	\$ 40,875	\$ 30,670

Cash used in operating activities for the six months ended March 31, 2023, of \$4,768,091 was higher by \$4,483,827 in comparison to the cash used in operating activities for the six months ended March 31, 2022. The increase in cash used is mainly due to amounts spent on corporate and investor relations marketing services, in support of encouraging investment in the Company. Also contributing to the increase in cash used in operating activities is the fact that the Company paid higher operating expenses as a result of increased operational and business development activity during six months ended March 31, 2023, as compared to the six months ended March 31, 2022.

Cash provided by financing activities for the six months ended March 31, 2023, of \$2,100,413 was higher by \$1,995,732 in comparison to the cash used in financing activities for the six months ended March 31, 2022. Cash provided by financing activities during the six months ended March 31, 2023 and the same period during the prior year, was derived from proceeds received relating to the issuance of shares and warrants associated with the various financings that closed during 2022.

Although the Company anticipates it will have positive cash flows from operating activities in future periods, to the extent that the Company has negative cash flows in any future periods, net proceeds from future financings may be used to fund such negative cash flows from operating activities, if any.

As at March 31, 2023, the Company had accumulated losses of \$8,996,594 (September 30, 2022 - \$3,962,968). As at March 31, 2023, the Company had a cash balance of \$40,875 (September 30, 2022 - \$2,708,553) and working capital of \$595,721 (September 30, 2022 - \$2,893,785). The Company does not have any commitments for capital expenditures.

To fund operations, the Company has depended on cash assumed from the RTO which closed on August 4, 2022, its parent company and external financing including equity issuances and debt financing. Management will determine whether to accept any future offer for financing, weighing such factors as the financing terms, share price at the time and current market conditions, among other factors. Circumstances that could impair the Company's ability to raise additional funds include general economic conditions, and the other factors set forth below under "*Risks and Uncertainties*".

On an ongoing basis, management evaluates and adjusts its planned level of activities to maintain adequate levels of working capital.

Going Concern

The Company's financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue and, as at March 31, 2023, had accumulated losses of \$8,996,594. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

To fund future operations and to cover administrative expenses, if required, the Company will take part in additional financings including, but not limited to, the issuance of debt and additional equity. However, the Company has no assurance that such financing will be available when required or if such financing will be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial markets.

Related Party Transactions

The Company's related parties are its key management personnel and the companies controlled by its key management personnel. Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole and this includes Brian Roth the Chief Executive Officer ("CEO") and Austin Thornberry the Chief Financial Officer ("CFO"). The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the three and six months ended March 31, 2023 and 2022, the Company incurred the following related party transactions:

	Three months ended March 31,		Six months ended March 31,	
	2023	2022	2023	2022
Salaries and benefits				
Brian Roth - CEO	\$ 47,077	\$ 48,877	\$ 91,385	\$ 101,215
Robert Birmingham- Director	-	-	1,591	-
Kyle Stevenson- Director	-	-	3,207	-
Professional fees				
Austin Thornberry	3,000	-	8,000	-
Number Eight Management	-	-	-	25,000
Share-based payments				
Austin Thornberry	3,307	-	55,860	-
Scott Mcleod - Director	3,307	-	31,000	-
	\$ 56,691	\$ 48,877	\$ 191,043	\$ 126,215

Related Party Balances

As at March 31, 2023 included in accounts payable and accrued liabilities is \$9,692 in vacation payable to Brian Roth, CEO of the Company. As at September 30, 2022, included in accounts payable and accrued liabilities was \$11,845 payable to Brian Roth, which consisted of vacation and expense reimbursement payables.

As at March 31, 2023 included in accounts payable and accrued liabilities is \$2,652 (September 30, 2022 - \$Nil) in salaries and wages expense payable to Robert Birmingham, director of the Company, \$5,345 (September 30, 2022 - \$Nil) in salaries and wages expense payable to Kyle Stevenson, a previous director of the Company (resigned from the Board of Directors on January 18, 2023) and \$Nil (September 30, 2022 - \$2,639) in expenses to be reimbursed to Peter Sherba, director of the Company.

As at March 31, 2023 the loans payable balance of \$12,700 (September 30, 2022 - \$12,700) consists solely of a loan due to Peter Sherba. The amount is non-interest bearing, unsecured and payable on demand.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value.

At March 31, 2023, the Company had a total of 36,439,615 issued and outstanding common shares as well as the following warrants and options:

Outstanding number of options	Exercisable number of options	Exercise price	Expiry date
1,555,000	1,555,000	\$1.00	August 9, 2024
100,000	-	\$1.00	September 30, 2024
350,000	350,000	\$1.00	October 25, 2024
75,000	-	\$1.00	December 2, 2024
2,080,000	1,905,000		

Outstanding number of warrants	Exercise price	Expiry date
12,607,267	\$0.25	August 4, 2025
2,028,975	\$0.10	January 25, 2025
100,345	\$2.00	August 4, 2024
3,833,334	\$0.05	August 4, 2027
18,569,921		

On February 6, 2023, 1,943,000 Financing Warrants automatically converted to one unit as per the Financing Warrant agreements. Each unit consists of one share and one Additional Warrant. As at March 31, 2023, the Company has 1,943,000 Additional Warrants outstanding.

As at March 31, 2023, the Company also had 400,000 restricted share units outstanding, none of which have vested.

As at the date of this MD&A, the Company had a total of 40,113,313 issued and outstanding common shares as well as the following warrants and options:

Outstanding number of options	Exercisable number of options	Exercise price	Expiry date
1,555,000	1,555,000	\$1.00	August 9, 2024
100,000	50,000	\$1.00	September 30, 2024
350,000	350,000	\$0.62	October 25, 2024
75,000	-	\$1.00	December 2, 2024
2,080,000	1,955,000		

Outstanding number of warrants	Exercise price	Expiry date
9,778,569	\$0.25	August 4, 2025
1,203,975	\$0.10	January 25, 2025
100,345	\$2.00	August 4, 2024
3,833,334	\$0.05	August 4, 2027
14,916,223		

As at the date of the MD&A, there are 1,943,000 Additional Warrants outstanding.

As at the date of this MD&A, there is 400,000 restricted share units outstanding. The 400,000 were granted on January 27, 2023, vest 10% on August 4, 2023, and 15% each six months thereafter. None of these RSUs shall vest and be exercisable until the board of directors has determined the Company has earned cumulative gross revenue of at least \$10,000,000 as determined by the Company's financial statements. These RSUs expire at the earlier of 5 years from the date of vesting and January 27, 2033.

Internal Controls Over Financial Reporting

Internal control over financial reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail that accurately and fairly reflect the transactions and dispositions of assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only made in accordance with authorizations of management or the Board; and
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial instruments.

The Company's management, with the participation of the CEO and the CFO, assessed the effectiveness of the Company's internal controls over financial reporting and concluded that as at March 31, 2023, the Company's internal control over financial reporting was effective.

During the six months ended March 31, 2023, the Company did not make any significant changes to its internal controls over financial reporting in place for the year ended September 30, 2022, that would have materially affected, or reasonably likely to materially affect, its internal controls over financial reporting.

Disclosure Controls

Management is also responsible for the design and operation of disclosure controls and procedures to provide reasonable assurance that material information related to the Company, including its consolidated subsidiaries, is made known to the Company's certifying officers. The Company's Chief Executive Officer and Chief Financial Officer have each evaluated the design and effectiveness of the Company's disclosure controls and procedures as of the date of this report and have concluded that these controls and procedures are effective.

Significant Accounting Policies, Estimates, and Judgements

The significant accounting policies, estimates, and judgements followed by the Company are set out in notes 2 and 3 of the audited consolidated financial statements for the years ended September 30, 2022 and 2021. There have been no changes in accounting policies as of the date of this MD&A.

Risks Arising from Financial Instruments

The Company's financial instruments are comprised of cash and cash equivalents, other receivables, accounts payable and accrued liabilities, and lease liabilities. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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

As at March 31, 2023, the fair value of cash held by the Company was based on Level 1 of the fair value hierarchy. The fair values of other receivables, accounts payable and accrued liabilities, loans payable and lease liabilities approximate their carrying values due to their short-term maturity.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows associated with a financial instrument will fluctuate because of changes to market interest rates. The Company has lease liabilities whereby an incremental borrowing rate was used to measure the lease liabilities. There is no interest rate risk associated with the lease liabilities, as variations in the incremental borrowing rate does not impact cashflow. The Company has no other interest-bearing debt, or interest-generating assets. Overall, Management does not believe the Company is exposed to significant interest rate risk.

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. Credit risk arises principally from cash and other receivables. The exposure to credit loss on other receivables is limited as other receivables consist mostly of refundable goods and services tax which bears minimal credit risk as it is receivable from the Canadian Government. Overall, Management does not believe the Company is exposed to significant credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company seeks to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. As at March 31, 2023, the Company had a cash balance of \$40,875 to settle current liabilities of \$1,026,498. Management continues to explore numerous financing strategies and continues to receive capital through equity instrument exercises frequently to address the Company's liquidity risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk on its foreign currency denominated cash and accounts payable. As at March 31, 2023, the Company had CAD \$270 (September 30, 2022 – CAD \$3,201) in cash denominated in the United States Dollar and CAD \$4,230 (September 30, 2022 - \$Nil) in accounts payable denominated in the United States Dollar. Assuming all other variables remain constant, a 10% change in the value of the Canadian dollar against the US dollar would result in an approximate \$450 change in profit or loss.

Risks and Uncertainties

Limited Operating History

The Company is subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered during these early stages of operations. The Company expects to generate earnings in the near future. The success of the Company will depend entirely on the expertise, ability, judgment, discretion, integrity and good faith of its management.

Inability to Protect Intellectual Property

The Company's success is heavily dependent upon its intangible property and technology. The Company relies upon patents, trade secrets, unpatented proprietary know-how and continuing innovation to protect the intangible property, technology and information that are considered important to the development of the business.

The Company relies on various methods to protect its proprietary rights, including confidentiality agreements with consultants, service providers and management that contain terms and conditions prohibiting unauthorized use and disclosure of confidential information. However, despite efforts to protect intangible property rights, unauthorized parties may attempt to copy or replicate intangible property, technology, or processes. There can be no assurances that the steps taken by the Company to protect its intangible property, technology and information will be adequate to prevent misappropriation or independent third-party development of the Company's intangible property, technology, or processes. It is likely that other companies can duplicate a process similar to the Company's. To the extent that any of the above would occur, revenue could be negatively affected, and in the future, the Company may have to litigate to enforce its intangible property rights, which could result in substantial costs and divert management's attention and other resources.

The Company's ability to successfully implement its business plan depends in part on its ability to obtain, maintain and build brand recognition using its trademarks, service marks, trade dress, domain names and other intellectual property rights, including the Company's names and logos. If the Company's efforts to protect its intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on its intellectual property, the value of its brands may be harmed, which could have a material adverse effect on the Company's business and might prevent its brands from achieving or maintaining market acceptance.

The Company may be unable to obtain registrations for its intellectual property rights for various reasons, including refusal by regulatory authorities to register trademarks or other intellectual property protections, prior registrations of which it is not aware, or it may encounter claims from prior users of similar intellectual property in areas where it operates or intends to conduct operations. This could harm its image, brand or competitive position and cause the Company to incur significant penalties and costs.

On January 26, 2023, the Company received a positive review from African Regional Intellectual Property Organization (ARIPO) regarding its patent application which helps to mitigate this risk.

Competition

The industry in which the Company operates is highly competitive, is evolving and is characterized by technological change. Current or future competitors may have longer operating histories, larger customer bases, greater brand recognition and more extensive commercial relationships in certain jurisdictions, and greater financial, technical, marketing and other resources than the Company. As a result, the Company's competitors may be able to develop products better received by customers or may be able to respond more quickly and effectively than the Company can to new or changing opportunities, technologies, regulations or customer requirements. In addition, larger competitors may be able to leverage a larger installed customer base and distribution network to adopt more aggressive pricing policies and offer more attractive sales terms, which could cause the Company to lose potential sales or to sell its solutions at lower prices.

Competition may intensify as the Company's competitors enter into business combinations or alliances or raise additional capital, or as established companies in other market segments or geographic markets expand into the Company's market segments or geographic markets. The Company also expects to face additional competition from new entrants. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and customer support. If the Company cannot compete against existing and future competitors, its business, results of operations and financial condition could be materially and adversely affected.

The Company's success will be dependent on its ability to market its products and services. There is no guarantee that the Company's products and services will remain competitive. Unforeseen competition, and the inability of the Company to effectively develop and expand the market for its products and services, could have a significant adverse effect on the growth potential of the Company. The Company cannot assure that it will be able to compete effectively against existing and future competitors. In addition, competition or other competitive pressures may result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on the Company's business, financial condition or results of operations.

Reliance on Management

The success of the Company is currently largely dependent on the performance of its directors and officers. There is no assurance that the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

Reporting Issuer Status

On becoming a reporting issuer, the Company is subject to reporting requirements under applicable securities law, the listing requirements of the NEO Exchange and other applicable securities rules and regulations. Compliance with these requirements has increased legal and financial compliance costs, made some activities more difficult, time consuming or costly, and increased demand on

existing systems and resources. Among other things, the Company is required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Company's business and results of operations. The Company may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expense.

Financial Risk

Negative Operating Cash Flow

The Company reported negative operating cash flow for the six months ended March 31, 2023. It is anticipated that the Company will continue to report negative operating cash flows in future periods.

Additional Financing

The continued development of the Company will require additional financing. There is no guarantee that the Company will be able to achieve its current business strategy. The Company intends to fund its business objectives by way of additional offerings of equity or debt financing as well as through anticipated positive cash flow from operations in the future. The failure to raise or procure such additional funds or the failure to achieve positive cash flow could result in the delay or indefinite postponement of current business objectives. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, will be on terms acceptable to the Company. If additional funds are raised by offering equity securities, existing shareholders could suffer significant dilution. The Company will require additional financing to fund its operations until positive cash flow is achieved.

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 financings 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 financings or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

Difficulty in Forecasting

The Company must rely largely on its own market research to forecast revenues as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. Market research and projections by the Company are based on assumptions from limited and unreliable market data. A failure in demand could materialize as a result of competition, technological change or other factors and could have a material adverse effect on the business, results of operations and financial condition of the Company.

Internal control systems

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.