



Management's Discussion and Analysis

For the three and nine months ended September 30, 2024 and 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Targeted Microwave Solutions Inc. (the "Company") provides analysis of the Company's financial results for the period ended September 30, 2024. The following information should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements and notes for the period ended September 30, 2024 prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, and the audited consolidated financial statements and accompanying notes for the year ended December 31, 2023. The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Board of Directors of the Company have approved the information and disclosures contained in this MD&A. This MD&A is dated as at November 29, 2024, and as of this date, there were 128,024,439 common shares issued and outstanding, no stock options outstanding and no warrants outstanding. All figures are in United States dollars unless otherwise noted. References to "C\$" are to Canadian dollars. Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Except for statements of historical fact contained herein, the information presented in this MD&A constitutes "forward-looking statements" or "information" (collectively "forward-looking statements"). These statements relate to analyses and other information that are based upon forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements". Such forward-looking statements include, but are not limited to, those with respect to: the benefits of and development and commercialization, if at all, of the Company's microwave technology; financial information regarding the Company and/or its availability and use of funds; the Company's research into the drying potential of its microwave application to natural mineral aggregates, other naturally occurring raw materials and processed feedstock; demand for electricity generation; the status of environmental and other regulation; the timing, completion or benefits of any joint venture or similar arrangement; the effectiveness of new improvements in the Company's Generation 2.0 reactors and the Company's new Generation 3.0 reactors; and other factors and events described herein.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual plans, results, performance or achievements of the Company to be materially different from any future plans, results, performance or achievements expressed or implied by such forward-looking statements. Such risks and other factors include, among others: limited operating history; financing risks; shareholder influence; technical issues and delays; commercial viability of processed industrial materials; negative results of technology testing and development; commercial acceptance; construction of commercial plants; management of growth; joint ventures; relationships with strategic partners; foreign operations; foreign subsidiaries and repatriation of earnings; technology and protection of intellectual property; invalidation of patents; intellectual property infringement; environmental and safety regulations and risks; dependence on key management personnel, employees and consultants; anti-bribery and anti-corruption; capital cost estimates; increased demand for services and equipment; competition; currency fluctuations; natural and human caused disasters; litigation; possible conflicts of interest of directors and officers of the Company; market price and listing of common shares; regulatory risks; tax exposures; changes in laws and regulations; uninsurable risks; current global financial conditions; and other factors discussed under the heading "Risk Factors" in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that such statements 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 forward-looking statements contained in this MD&A.

Forward-looking statements are made based upon Management's beliefs, estimates and opinions on the date the statements are made, and the Company undertakes no obligation to update any forward-looking statement if these beliefs, estimates and opinions or other circumstances should change, except as may be required by applicable law.

COMPANY BACKGROUND AND DESCRIPTION OF THE BUSINESS

The Company is a microwave process developer specializing in clean emission, high-throughput industrial drying solutions. Industrial drying is a vital manufacturing process used by heavy industry to transform bulk aggregates such as minerals, biomass and fossil fuels into finished commercial products. The prevailing industrial drying technology in the market today is the fossil-fuel combustion rotary kiln. This technology generates heat by combusting fossil fuels such as coal, bunker fuel and natural gas, which results in the production of polluting carbon emissions. It is generally accepted that increasingly stringent environmental regulations are having a dramatic impact on the competitiveness and profitability of the industrial sector worldwide. The Company believes that the market for a clean emission, digital drying technology represents a global economic opportunity.

The Company's microwave drying technology represents a challenge to the dominance of fossil-fuel combustion dryers in the market. Unlike rotary kilns for example, the Company's drying technology generates minimal to no fossil fuel combustion emissions. Instead, the Company uses digital microwave heating processes within a proprietary, vertical chamber system, to dry industrial materials on a continuous basis being developed to perform at a high throughput capacity. The Company believes that its technology has the potential to deliver a safer, higher efficiency and more controllable drying process that will allow the heavy industrial sector to challenge the mainstream narrative that large-scale industry is incompatible with responsible, environmental policy.

The core of the Company's technology is a proprietary microwave delivery and process control system designed to achieve uniform moisture reduction across a wide range of industrial aggregates, including those with challenging bulk densities, particle sizes and flow characteristics. Unlike conventional thermal drying technologies, the Company's process generates heat within the input material, as opposed to wasting energy by first heating the environment around the target material. This unique approach allows for significantly cooler ambient temperatures during processing, which helps substantially mitigate combustion risk and prevents the unwanted release of volatile gases that generate polluting greenhouse emissions. In initial continuous trials conducted at the Company's commercial demonstration facility in King William, Virginia (the "**King William Plant**"), the Company's system has shown heat transfer efficiency rates better than competing conventional thermal drying technologies. Additionally, the Company's microwave drying solutions use power only when needed and can be turned on or off almost instantaneously, making the process compatible for automatic control and real-time calibration based on key control factors, such as moisture targets, microwave power levels and feed rate.

The Company's current "Generation 3.0" system, which was installed at the King William Plant in November 2016, is designed to occupy a small footprint and integrate easily into a variety of manufacturing operations and can deliver up to 2,500 kilowatts of concentrated 0.915 gigahertz microwave power to a variety of target feedstocks (such as industrial minerals, low-rank coal and wood chips) on a continuous feed basis. Despite its light-industrial characteristics, the Company's Generation 3.0 system can achieve processing throughput rates traditionally associated with heavy industrial equipment by utilizing a proprietary vertical processing design and in-house processing controls software. The Company has run a variety of processing trials of low-rank coal, wood biomass, and industrial clay and aims to work with industry partners in an effort to commercialize its technology.

Currently, the Company has suspended all operations (including research and testing at the King William Plant), closed its U.S. offices, terminated all employee personnel and disposed of the King William Plant.

Due to the Company's current challenges, the Company will continue to prioritize the restructuring and settlement of the Company's debt and liabilities. As part of this process, securing access to capital will continue to drive the Company's decision-making process with respect to go-forward business opportunities. In 2024,

the Company will continue looking outside its traditional core focus area of microwave drying in order to pursue potential sources of revenue and funding partners.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires that the Company's management makes assumptions and estimates of effects of uncertain future events on carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and assumptions, potentially having material future effects on the Company's consolidated financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The Company is also required to make critical judgements in applying certain of the Company's accounting policies.

The significant assumptions about the future or other major sources of estimation uncertainty or application of judgement in applying the Company's accounting policies at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Functional currency

The functional currency of each of the Company's subsidiaries is the currency of the primary economic environment in which the entity operations. The Company has determined the functional currency of each entity is the US dollar. Determination of the functional currency may involve certain judgements to determine the primary economic environment and the Company reconsiders the functional currency of its entities if there is a change in events and/or conditions.

Loans payable

The Company is required to measure loans payable at fair value at inception. Estimating fair value for the loans requires the use of a discount rate and determining this rate is subject to judgement considering the Company does not have third party debt or an established credit rating. As the loans payable have been issued at below-market rates of interest, a difference results between the fair value of the loans payable and the proceeds received. The determination of the fair value impacts the amount recorded as loan payable, the amount credited as a shareholder contribution to share-based payment reserve and also impacts the related non-cash interest expense.

Contingencies

Due to the nature of the Company's operations, various legal matters can arise from time to time. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of the changes in its consolidated financial statements for the period in which such changes occur.

Provisions

Management's judgment is required to determine amounts to be recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions. Provisions are the best estimate of the expenditure required to settle the obligation at the reporting date.

Going concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its consolidated financial statements for the period ended September 30, 2024. Management prepares the consolidated financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the

future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management considered a wide range of factors relating to debt repayment schedules and potential sources of financing. As a result of the assessment, management concluded the going concern basis of accounting is appropriate based on cash flow forecasts and potential access to financing for the future twelve months.

Income taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table includes selected consolidated financial data, prepared in accordance with IFRS, for the years 2023, 2022 and 2021. All amounts in this MD&A are in US dollars, except where otherwise noted. The Company discusses the factors that caused its results to vary over the past two years throughout this MD&A.

	2023	2022	2021
	\$	\$	\$
Operating expenses	37,732	32,651	42,551
Other income	-	-	-
Net loss and comprehensive loss	37,732	32,651	42,551
Net loss attributable to shareholders of the company	37,732	32,651	42,551
Loss per share	(0.00)	(0.00)	(0.00)
Total assets	2,607	3,993	2,670
Total long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

The Company has not generated any revenue for the years 2023, 2022 and 2021. The Company has not paid dividends on its common shares and does not anticipate declaring any dividends in the near future.

RESULTS OF OPERATIONS: THREE MONTH RESULTS

The table below summarizes selected financial information from the Company's condensed interim consolidated financial statements for the three and nine-month period ended September 30, 2024, compared to the three and nine months ended September 30, 2023.

	Three months ended Sep 30		Nine months ended Sep 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Operating expenses	7,382	9,988	22,899	31,156
Net loss and comprehensive loss	7,382	9,988	22,899	31,156
Net loss attributable to shareholders of the company	7,382	9,988	22,899	31,156
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)

During the nine months ended September 30, 2024, the Company's primary focus was on reducing Company overhead, pursuing financing options and formulating potential go-forward strategies for the Company.

Operating Expenses

Operating expenses for the three and nine-month period ended September 30, 2024 compared to the three and nine months ended September 30, 2023 are as follows:

	Three months ended Sep 30		Nine months ended Sep 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Foreign exchange loss (gain)	1,007	2,789	2,278	6,603
Office, rent and other	1,875	3,150	5,631	10,201
Investor relations, filing and compliance fees	1,500	1,049	5,490	4,783
Professional fees	3,000	3,000	9,500	9,569
Total	7,382	9,988	22,899	31,156

Foreign Exchange Loss

The foreign exchange loss decreased by \$1,782 to \$1,007 for the three-month period ended September 30, 2024 from a foreign exchange loss of \$2,789 for the comparable period in 2023. The decrease in the foreign exchange loss for the period ended September 30, 2024 compared to the period in the prior year is primarily attributable to the change in the Canadian/U.S. foreign exchange rates on vendor balances owing, sales tax receivable balances, accruals as well as Canadian dollar denominated bank balances.

Office, Rent and Other

Office, rent and other expenses decreased by \$1,275 to \$1,875 for the three-month period ended September 30, 2024 from \$3,150 for the comparable period in 2023. The decrease in these expenses for the three months ended September 30, 2024 compared to the same period last year is primarily due to the foreign exchange impact applied to the Canadian dollar denominated expenses (e.g. accounting fees) incurred for the three months ended September 30, 2024 and a change in accounting professionals.

Investor Relations, Filing and Compliance Fees

Investor relations, filing and compliance fees increased by \$451 to \$1,500 for the three-month period ended September 30, 2024 from \$1,049 for the comparable period in 2023. The increase in these fees for the three months ended September 30, 2024 compared to the same period last year is primarily attributable to an accrual to account for late filing fees of the annual audited financial statements.

Professional Fees

Professional fees remained consistent at \$3,000 for the three-month period ended September 30, 2024 and the comparable period in 2023.

Net Loss & Net Loss Attributable to Shareholders of the Company

Due to the factors set forth above, net loss and net loss attributable to the shareholders of the company decreased by \$2,606 to \$7,382 for the period ended September 30, 2024 from \$9,988 in the comparable period last year.

Net Loss Attributable to Non-Controlling Interests

The net loss attributable to non-controlling interests for the year ended September 30, 2024 and 2023 was \$nil and \$nil, respectively, for the 49% non-controlling interest in Targeted Microwave Solutions Hong Kong Limited not held by the Company's shareholders.

LIQUIDITY AND CAPITAL RESOURCES

The Company generally manages its liquidity risk by preparing cash flow forecasts and anticipating investing and financing activities. Management and the Board are involved in the review, planning and approval of budgets and significant expenditures and commitments (refer to section below on liquidity risk).

As at September 30, 2024, the Company had a consolidated cash balance of \$2,467 (December 31, 2023 - \$2,467). At present, the Company is actively seeking additional financing in the form of debt or equity (or both) to fund potential go forward options and to settle existing obligations. Should the Company be unsuccessful in raising funds, it may not be able to fund future growth or satisfy the existing financial obligations as noted in note 2(c) of the consolidated financial statements.

Cash Flows

The table below sets forth a summary of cash flow activity and should be read in conjunction with the Company's cash flow statements:

	2024	2023
	\$	\$
Cash inflow / (outflow) from operating activities	-	2,467
Increase (decrease) in cash during the year	-	2,467
Cash, beginning of period	-	-
Cash, end of period	-	2,467

QUARTERLY INFORMATION

The following table presents the unaudited summarized financial information for the last eight quarters:

	Q2 F2024	Q2 F2024	Q1 F2024	Q4 F2023	Q3 F2023	Q2 F2023	Q1 F2023	Q4 F2022
	\$	\$	\$	\$	\$	\$	\$	\$
Operating expenses	7,382	7,363	8,154	6,576	9,988	12,004	9,164	16,251
Loss before income taxes	7,382	7,363	8,154	6,576	9,998	12,004	9,164	16,251
Income taxes	-	-	-	-	-	-	-	-
Net loss	7,382	7,363	8,154	6,576	9,998	12,004	9,164	16,251
Non-controlling interest	-	-	-	-	-	-	-	-
Net loss attributable to shareholders of the Company	7,382	7,363	8,154	6,576	9,998	12,004	9,164	16,251
Loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

The quarterly fluctuations in net loss are generally correlated with the Company's restructuring activities associated with Company financing and potential go-forward strategies. Net loss is also impacted by the Company's corporate costs associated with investor relations.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include its subsidiaries, key management personnel and entities owned by shareholders. At September 30, 2024, the Company owed a total of \$95,588 (December 31, 2023 - \$95,588) to a former officer which was included in accounts payable. These amounts were unsecured, non-interest bearing and have no fixed terms of repayment.

The Company received loans from related parties and owed a total of \$150,460 of principal and accrued interest at September 30, 2024 (December 31, 2023 - \$150,460).

Compensation paid or payable to the Company's directors and key management for services provided during the period ended September 30, 2024 was \$nil (December 31, 2023 - \$nil). Key management is defined by the Company as the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO") and their controlled companies.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following table summarizes the remaining contractual maturities of the Company's financial obligations as at September 30, 2024:

	Within 1 year	2 to 5 years	Over 5 years	September 30, 2024	December 31, 2023
Accounts payable	\$ 260,361	\$ -	\$ -	\$260,361	\$ 241,300
Accrued liabilities	36,795	-	-	36,795	32,795
Loan payable	150,460	-	-	150,460	150,460
	\$ 447,616	\$ -	\$ -	\$ 447,616	\$ 424,555

FINANCIAL INSTRUMENTS RISK AND EXPOSURE

The Company is exposed to a variety of financial risks as a result of operations, including market risk, credit risk and liquidity risk. The overall risk management strategy seeks to reduce potential adverse effects on the financial performance. Risk management is carried out under policies approved by the Board of Directors. The

risks associated with the financial instruments and the policies on how these risks are mitigated are set out below.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations and commodity and equity prices. Market conditions can cause fluctuations in the fair values of financial assets classified as held-for-trading and available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant market risk. The Company's ability to raise capital to fund activities is subject to risks associated with fluctuations in the market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The Company is not exposed to significant interest rate risk as the Company has no variable interest debt.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk from holding cash with major financial institutions. Cash is held in highly-rated financial institutions and risk of loss is considered to be low. At September 30, 2024, the maximum exposure to credit risk is \$nil (December 31, 2023 - \$nil).

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise the funds required through future equity financings, asset sales or sales from contracts, or a combination thereof. The Company has no regular cash flow from its operating activities. The Company manages its liquidity risk by preparing and reviewing forecasted expenditure and cash flow budgets. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and significant expenditures and commitments. Failure to realize additional funding, as required, could result in the delay or indefinite postponement of further development of the Company's projects.

The Company had a consolidated cash balance of \$2,467 as at September 30, 2024 (December 31, 2023 - \$2,467) with a working capital deficit of \$444,847 (December 31, 2023 - \$421,948). As such, the Company is exposed to liquidity risk. In order to address this liquidity risk, the Company is actively seeking additional financing in the form of debt or equity (or both). Should the Company be unsuccessful in raising funds, it may not be able to satisfy its existing financial obligations or fund future growth. Liquidity risk is assessed as high.

Currency Risk

Currency risk is the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign currency rates. Financial instruments are exposed to currency risk where those instruments are denominated in currencies that are not the same as the functional currency of the entity that holds them which results in exchange gains and losses which may impact net income or loss.

During the period ended September 30, 2024, the Company recognized a foreign exchange loss of \$2,278 (year ended December 31, 2023 - \$5,467). Management does not hedge its exposure to foreign exchange risk. Management will continue to review its foreign denominated balances to determine the appropriate holdings to naturally hedge its Canadian dollar expenses.

OTHER RISK FACTORS AND UNCERTAINTIES

A comprehensive discussion of risk factors is included in the Company's MD&A for the year ended December 31, 2023, a copy of which is available on SEDAR at www.sedar.com.

PROPOSED TRANSACTIONS

As at September 30, 2024, the Company did not have any proposed transactions.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2024, the Company did not have any off-balance sheet arrangements.