

METEORITE CAPITAL INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

August 29, 2022

The following management's discussion and analysis ("**MD&A**") of the operations, results, and financial position of Meteorite Capital Inc. ("**Meteorite**" or the "**Company**"), dated August 27, 2022 covers the period ending June 30, 2022 and should be read in conjunction with the audited financial statements of the Company and the notes thereto for the periods ended June 30, 2022 and 2021, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the period ending June 30, 2022. Additional information on the Company is also available on SEDAR at www.sedar.com.

Where we say "we", "us", "our", or the "Company" we mean Meteorite unless otherwise indicated. All amounts are presented in Canadian dollars unless otherwise indicated.

Description of Business:

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of Canada Business Corporations Act on April 27, 2018. The Company completed its initial public offering ("**IPO**") of 5,000,000 common shares for gross proceeds of \$750,000 on September 28, 2018. The Company's common shares were listed on the TSX Venture Exchange ("**TSX-V**" or the "**Exchange**") on October 12, 2018 and commenced trading on the TSX-V on the same day under the symbol "MTR.P".

The Company was listed as a Capital Pool Company ("**CPC**") as defined in TSX-V Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a qualifying transaction ("**Qualifying Transaction**") as defined under TSX-V Policy 2.4.

Forward-looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that those expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

With respect to forward-looking statements above and otherwise contained in this MD&A, the Company has made assumptions regarding, among other things:

- *the legislative and regulatory environment;*
- *the impact of increasing competition;*
- *ability to obtain regulatory and shareholder approvals; and*
- *the Company's ability to obtain additional financing on satisfactory terms.*

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below:

- *volatility in the market conditions;*
- *incorrect assessments of the value of acquisitions;*
- *due diligence reviews; and*
- *competition for suitable acquisitions.*

Overall Performance

Meteorite is classified as a CPC for the purposes of the policies of the Exchange. As a result, the Company's current business is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction, is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange.

The Company is currently evaluating alternative acquisition opportunities with a view to completing its Qualifying Transaction.

Results of Operations

As of June 30, 2022, the Company had no operations other than evaluating acquisition opportunities with a view to completing a qualifying transaction.

For the three-month period ended June 30, 2022, Meteorite earned interest income of \$4,566 and \$8,693 (June 30, 2021 \$3,982 and \$10,768), incurred net losses and comprehensive losses of \$33,275 and \$36,028 (June 30, 2021 \$8,809 and \$6,560) and incurred total operating expenses of \$37,841 and \$44,721 (June 30, 2021 - \$12,790 and \$17,328). These expenses are mainly related to professional fees, impairment loss, and listing fees.

Working capital as at June 30, 2022 was \$91,993 compared to \$337,651 as at June 30, 2021.

Selected Financial Information

A summary of selected financial information for the three and six--month period ended June 30, 2022 and 2021 is set out below:

	Three-months ended June 30, 2022	Six-months ended June 30, 2022	Three-months ended June 30, 2021	Six-months ended June 30, 2021
Net loss and comprehensive loss	\$(33,275)	\$(36,028)	\$(8,808)	\$(6,560)
Basic and fully diluted loss per share	(0.01)	(0.01)	(0.00)	(0.00)
Total expenses	37,841	44,721	12,790	17,328
Total assets	120,613	120,613	536,678	536,678
Cash (used in) provided by operations	N/A	(54,677)	N/A	(59,090)
Long-term financial liabilities	Nil	Nil	Nil	Nil

For the three and six-month periods ended June 30, 2022 and 2021, the Company reported no discontinued operations and declared no cash dividends.

Summary of Quarterly Results

	3 Months Ended June 30 2022	3 Months Ended Mar 31 2022	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021	3 Months Ended Dec 31 2019	3 Months Ended Sept 30 2019
Interest income	\$ 4,566	\$ 4,127	\$ 4,160	\$ 4,063	\$ 3,982	\$ 6,786	\$ 4,292	\$ 3,364
Impairment loss	4,096	3,986	189,413	-	-	-	57,975	-
Professional fees	22,422	2,874	17,956	156,835	4,308	3,822	21,297	5,384
Stock-based compensation	-	-	-	-	-	-	-	5,594
Listing fees	10,635	-	11,497	575	7,415	690	(11,498)	11,498
Investor relations	660	-	81	-	1,012	-	499	434
Transaction costs	-	-	-	-	-	-	-	-
Taxes and licenses	-	-	-	92	-	-	-	-
Bank charges and interest	28	20	21	23	55	26	32	30
Net earnings (loss) and comprehensive earnings (loss)	(33,275)	(2,753)	(214,808)	(153,462)	(8,808)	2,248	(64,013)	(19,576)
Earnings (loss) per share*	(0.00)	(0.00)	(0.05)	0.00	0.00	0.00	(0.01)	(0.00)

*does not include escrowed shares as they are contingently returnable.

This summary of quarterly results should be read in conjunction with the financial statements and notes included in the Company's financial statements as at June 30, 2022.

Discussion of Operations for the Three-Month Period Ended June 30, 2022

Loss and comprehensive loss for the three and six-month periods ended June 30, 2022 were \$33,275 and \$36,028 compared to \$8,088 and \$6,560 for the same periods in 2021. The increase of \$25,187 and \$29,468 respectively were primarily due to a decrease in professional fees and listing fees of \$19,547 and \$10,635 respectively.

Transactions with Related Parties

Related parties include the Board of Directors, the president, the chief financial officer, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the three and six-month periods ended June 30, 2022, a law firm of which an officer, director and shareholder of the Company is a partner, provided legal services in the amount of \$NIL and \$6,255 (June 30, 2021 - \$321 and \$321). As at June 30, 2022, accounts payable and accrued liabilities include an amount of \$24,540 (June 30, 2021 - \$32,657) related to legal services.

Outstanding Share Data

At the date of this MD&A, the following is a description of the outstanding equity securities and exercisable securities previously issued by the Company:

	Authorized	Description of Securities
Voting or equity securities issued and outstanding	Unlimited common shares	7,065,000 common shares (2,065,000 deposited in escrow)
Options issuances and outstanding	Up to a maximum of 10% of common shares outstanding	565,200 options to acquire 565,200 common shares
Warrants issued and outstanding	Agent option to acquire 500,000 common shares	500,000 warrants to acquire 500,000 common shares

Financial Instruments and Risk Factors

The Company's financial instruments consist of cash, investment in short-term GIC and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency, credit or liquidity risks arising from its financial instruments.

Liquidity and Capital Resources

As at June 30 2022, Meteorite had net working capital of \$91,993 (June 30, 2021 - \$125,268) comprised of cash, an investment in a short-term GIC and a loan receivable offset by accounts payable and accrued liabilities. As a result, the Company is not exposed to significant liquidity risk, and has sufficient funds to meet its ongoing obligations and to meet its objective of completing a Qualifying Transaction. Meteorite does not generate revenue from operations and any significant improvements in working capital would result from the issuance of share capital.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the potential Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and total shareholders' equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three-month period ended June 30, 2022. In accordance with the TSX-V Policy 2.4 and until completion of a Qualifying Transaction, the Company will be subject to constraints related to the use of the funds obtained through the sale of its common shares.

Contractual Obligations

The Company has no long-term debt outstanding or contractual obligations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist primarily of cash and investment in short-term GIC and the loan receivable. The Company limits its exposure to credit loss by placing its cash and holding its GIC with a major financial institution. The Company is exposed to credit risk on the loan receivable and as a result of the overdue payments by the counterparty as well as other factors considered by management, an expected credit loss of \$189,413 was charged to earnings in the 2021 year (2020 - \$57,975) and for the three and six-month periods ended June 30, 2022 an expected credit loss of \$4,096 and \$8,082 was charged to earnings.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2022, the Company's current assets exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and commodity and equity prices.

a) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2022, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

b) Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Subsequent Event

COVID-19 Health Crisis risk

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

Critical Accounting policies and Estimates updated

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Company's results.

Management used the Black-Scholes model to estimate the fair value of stock options and warrants issued. The estimated life of the stock options and warrants at the grant date is based on the legal life of the equity instruments and the expected exercise pattern of the holders. The expected volatility used to calculate the grant date fair value is estimated taking into account the historical volatility of similar companies' share prices over the expected term of the stock options and warrants granted.

Actual results could differ from those estimates.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.