CastleCap Capital Inc.
(a Capital Pool Company)

Management's Discussion and Analysis

Introduction

This management's discussion and analysis ("MD&A") of CastleCap Capital Inc. ("CastleCap" the "Corporation" or the "Company") is prepared by management and should be read in conjunction with the Company's financial statements as at and for the quarter ended March 31, 2022 and the notes thereto. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in the following MD&A are quoted in Canadian dollars unless otherwise noted.

This MD&A is dated May 30, 2022 and is in respect of the periods ended March 31, 2022 and 2021.

Forward-Looking Statements

This MD&A may contain "forward-looking statements" which reflect expectations regarding future results of operations, performance and achievements of the Company. All statements, other than a statement of historical fact, may be forward-looking statements. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. The risks include those outlined under the "Risk Factors" section of this MD&A and elsewhere in the Company's public disclosure documents. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Readers are cautioned not to place undue reliance on these forward-looking statements. All forward-looking statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Nature of the Business and Incorporation

The Company was incorporated under the Business Corporations Act (Alberta) on November 8, 2018. The Company maintains its registered office at 2032 45 Avenue SW Calgary, Alberta T2T 2P5. The Company is a Capital Pool Company ("CPC") as defined pursuant to Policy 2.4 – Capital Pool Companies of the TSX Venture Exchange (the "TSXV").

As a CPC, the proceeds raised by the Company from the issuance of common shares may only be used to identify and evaluate businesses and assets for future investment, and reasonable expenses relating to the Company's initial public offering, general and administrative expenses not exceeding in aggregate $3,000 per month and relating to a proposed qualifying transaction. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the TSXV.

The Company has not conducted commercial operations. The Company's continuing operations are dependent upon its ability to evaluate and negotiate an agreement to acquire an interest in a material asset or business. There is no assurance that the Company will be able to complete a Qualifying Transaction or that it will be able to secure the necessary financing to complete a Qualifying Transaction. Where an acquisition or participation is warranted, additional funding may be required. The ability of the Company to fund its potential future operations and commitments is dependent upon its ability to obtain additional financing. Such an acquisition will be subject to regulatory approval and, if required, shareholder approval. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Company's environment and in the global markets, possible disruption in supply chains, and measures introduced and or being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and physical distancing) could have a material impact on the Company's operations. The extent of the impact of this outbreak and related containment measures on the Company's operations cannot be reliably estimated at the date of approval of these financial statements.

The Class "A" Common voting shares of the Company were listed for trading on the Exchange on May 22, 2019 under the trading symbol ***CSTL.P***.

Castlecap and ATH (Australia) Pty Ltd. ("ATH") and. have entered into a letter of intent dated March 30, 2022 (the "LOI") which sets forth, in general terms, the basic terms and conditions upon which ATH and Castlecap will combine their business operations resulting in a reverse takeover ("RTO") of Castlecap by ATH and its shareholders. The proposed business combination of CCI and ATH, which transaction (the "Qualifying Transaction") is intended to constitute Castlecap's Qualifying Transaction (within the meaning of Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the "Exchange")). Pursuant to the terms of the LOI, it is intended that ATH and Castlecap will enter into a business combination by way of an arrangement, amalgamation, share exchange or other similar structure (collectively, the forgoing with any related transaction, the "Transaction") which will result in ATH becoming a wholly owned subsidiary of Castlecap or otherwise combining its corporate existence with that of Castlecap. The final structure of the business combination is subject to receipt by the parties of tax, corporate, and securities law advice and will be agreed to pursuant to definitive transaction documents expected to be executed in the short term. The issuer resulting from the Transaction (the "Resulting Issuer") will carry on the business currently carried on by ATH.

Summary of Quarterly Results

The Company was incorporated on November 8, 2018 and was not a "reporting issuer" pursuant to applicable securities legislation until February 25, 2019, the date of the final receipt for the prospectus as issued by the Alberta Securities Commission and the British Columbia Securities Commission, thereby becoming a "reporting issuer" in each of the provinces of Alberta and British Columbia.

The following table presents quarterly financial information up to March 31, 2022:

	March 31, 2022	Dec. 31, 2021	Sept 30, 2021	June 30, 2021	March 31, 2021	Dec. 31, 2020	Sept. 30 2020	June 30, 2020
Total Assets	$ 126,984	$ 126,930	$ 131,909	$ 131,873	$ 144,625	$ 151,646	$ 155,591	$ 164,267
Total Expenses	$ 12,385	$ 11,158	$ 5,190	$ 9,451	$ 7,722	$ 4,197	$ 9,580	$ 5,088
Net Loss	$ 12,385	$ 11,158	$ 5,190	$ 9,451	$ 7,722	$ 4,197	$ 9,580	$ 5,088
Basic and diluted net loss per share	$ 0.01	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Results of Operations

During the three months ended March 31, 2022, and March 31, 2021, the Company incurred a net loss of $12,385 and $7,722 respectively. The 2022 Q1 loss primarily relates to TSX Venture Exchange sustaining fees ($5,460) and security commission filing fees ($1,961). The 2021 Q1 loss also relates to primarily relates to TSX Venture Exchange fees ($5,460) and SEDAR annual filing fees ($1,961).

The following table is a summary of the Company's financial results as at March 31, 2022 and 2021:

	March 31, 2022	**March 31, 2021**
Net loss and comprehensive loss	$12,385	$7,722
Net loss per share	$0.01	$0.00
Working capital	$109,840	$139,324
Total assets:	$126,984	$151,646
Cash flow from operating activities	$54	($7,021)
Cash flow from financing activities	nil	nil

Liquidity and Capital Resources

As of March 31, 2022, the Company had $126,984, (2021 $144,625) in cash and a working capital of $109,840, (2021 $139,324). The net cash provided in operating activities for the quarter ended March 31, 2022 was $54, (2021 $-7,021). The 2021 Q1 use of cash included TSX Venture Exchange sustaining fees ($5,460) and SEDAR annual filing fees ($1,961)

The Company incurred a net loss of $12,385 for the quarter ended March 31, 2022.

Management anticipates that ongoing costs relating to the identification, evaluation, due diligence, negotiation and completion of a Qualifying Transaction will be incurred in future periods. The timing and magnitude of these costs is not predictable. These costs may be significant and could possibly result in higher general and administrative expenses. To date, the Company has procured working capital through equity financing. The Company acknowledges that it may require additional funding to complete a Qualifying Transaction. As such, if needed, the Company will seek to raise additional capital and believes that it will be able to do so, but recognizes the uncertainty attached thereto. Funding requirements may vary from those planned due to a number of factors.

Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Related Party Transactions

There was no compensation paid to key management personnel during the period ended March 31, 2022 or 2021.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash, and accrued liabilities. Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks. Financial assets are required to be initially measured at fair value and subsequently classified at amortized costs or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are initially measured at fair value and subsequently classified as amortized cost.

Management of Capital

The Company's capital currently includes equity, comprised of issued Class "A" Common voting shares. The Company defines capital as total equity, which was $109,840 at March 31, 2022, (2021 $139,324). The Company's source of cash is from the issuance of Class "A" Common voting shares.

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

The proceeds raised from the issuance of Class "A" Common voting shares may only be used to identify and evaluate assets or business for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or $210,000 may be used to cover prescribed costs of issuing the Class "A" Common voting shares or general and administrative expenses of the Company. These restrictions apply until completion of a Qualifying Transaction.

Share Capital

Class "A" Common voting shares

As at March 31, 2022, the Company had 4,000,000 Class "A" Common voting shares issued and outstanding.

Pursuant to an escrow agreement dated February 25, 2019 and as amended June 23, 2021 between the Company and certain shareholders of the Company, 2,000,000 Class “A” Common voting shares, being the issued and outstanding Class “A” Common voting shares prior to the completion of the initial public offering of the Company, were deposited in escrow. Upon the Company completing a Qualifying Transaction, the TSXV will issue a bulletin announcing the final acceptance, and 25% of the Class “A” Common voting shares held pursuant to the escrow agreement shall immediately be released. Every six months following the initial release an additional 25% will be released.

Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Class “A” Common voting shares, provided that the number of Class “A” Common voting shares reserved for issuance will not exceed 10% of the issued and outstanding Class “A” Common voting shares. However, other than in connection with a Qualifying Transaction, during the time that the Company is a CPC, the aggregate number of Class “A” Common voting shares issuable upon exercise of all options granted under the Option Plan shall not exceed 10% of the Class “A” Common voting shares of the Company, issued and outstanding at the closing of the Company's initial public offering. Such options will be exercisable for a period of up to ten years from the date of grant.

The Board of Directors determines the exercise price per Class “A” Common voting shares, the number of options granted to individual directors, officers, employees and technical consultants and all other terms and conditions of the options.

	Number of Stock Options	**Weighted average exercise price ($)**	**Weighted average remaining contractual life (years)**
Balance, December 31, 2019	400,000	0.10	7.1
Cancelled	(100,000)	0.10	-
Granted	100,000	0.10	7.1
Balance, March 31, 2022 and Dec. 31, 2021	**400,000**	**0.10**	**7.1**

On August 10, 2020, the Company granted 100,000 options to a director. The options are exercisable at an exercise price of $0.10 and expire June 12, 2029 at. These options were valued on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.49 %, expected volatility of 100% and an expected life of ten years. The value attributed to these options was $8,700.

Warrants

In connection with its Initial Public Offering (“IPO”) of 2,000,000 common shares completed on May 22, 2019, the Company granted agent warrants to acquire 10% of the common shares issued in the IPO exercisable for a period ending twenty-four months from the date the Company’s common shares are listed on the TSXV. The agents warrants expired unexercised on May 31, 2021.

	Number of Warrants	Weighted average exercise price ($)
Balance, December 31, 2019 and 2020	200,000	0.10
Expired	(200,000)	0.10
Balance, Dec. 31, 2021 and March 31, 2022	-	-

Risk Factors

There are several risks that may have a material adverse impact on the future operating and financial performance of the Company. These include risks that are widespread risks associated with any form of business. While most risk factors are largely beyond the control of the Company and its directors, the Company will seek to mitigate these risks where possible.

No Operating History

The Company was incorporated on November 8, 2018, has not commenced commercial operations, and has no assets other than cash. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future. Until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction.

Halt of Trading

Upon public announcement of a potential Qualifying Transaction, trading in the Class “A” Common voting shares of the Company will be halted and will remain halted until completion of the Qualifying Transaction, or sooner pursuant to Policy 2.4 – *Capital Pool Companies*. Neither the Exchange nor any securities regulatory authority passes upon the merits of the potential Qualifying Transaction.

Foreign Acquisition

In the event the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

Exchange May Not Approve a Qualifying Transaction

Completion of a Qualifying Transaction is subject to several conditions including acceptance by the Exchange and in the case of a Non-Arm’s Length Qualifying Transaction, Majority of the Minority Approval as such terms are defined in Policy 2.4 – *Capital Pool Companies*. Notwithstanding that a transaction may meet the definition of a Qualifying Transaction, the Exchange may not approve a Qualifying Transaction.

Approval by the Majority of the Minority

Where Majority of the Minority Approval is required, unless the shareholder has the right to dissent and be paid fair value in accordance with the applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares.

Dilution

If the Company issues treasury shares to finance acquisition or participation opportunities, control of the Company may change, and subscribers may suffer dilution of their investment.

Directors and Officers

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company. Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Company may be exposed to liability and its ability to achieve its business objectives may be impaired.

Additionally, directors and officers of the Company may also serve as directors and/or officers of other reporting issuers from time to time.

The Company has not purchased "key-man" insurance, nor has it entered into non-competition and non-disclosure agreements with management and has no current plans to do so.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its directors and officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Loans or Advances

Subject to prior acceptance from the Exchange, the Company may be permitted to loan or advance up to an aggregate of $250,000 ($25,000 without prior Exchange approval) of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover the loan or advance.

Volatile Financial Markets

The extreme volatility occurring in the financial markets is a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Issuers like the Company are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets in order to raise the capital it will need to fund its current level of expenditures and identify, evaluate and close a Qualifying Transaction.

Other Information

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

Approval

On May 30, 2022, the board of directors of the Company approved the disclosure contained in this MD&A and the financial statements for the period ended March 31, 2022. A copy of this MD&A will be provided to anyone who requests it.