VALENCIA CAPITAL INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

1. Date

This Management's Discussion and Analysis ("MD&A") of Valencia Capital Inc. ("Valencia" or the "Company") has been prepared by management as of November 27, 2023 and should be read in conjunction with the audited financial statements and related notes thereto of the Company for the three months ended September 30, 2023 and 2022, which were prepared in accordance with International Accounting Standards using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC).

This MD&A contains forward-looking information which reflects management's expectations regarding the Company's growth, results of operation, performance and business prospects and opportunities. The use of words such as "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", believe", outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's expectation of future activities and results, of its working capital needs and its ability to identify, evaluate and pursue suitable business opportunity. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results of events to differ materially from those anticipated in these forward- looking statements. Readers should not put undue reliance on forward-looking information.

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.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

2. Overall Performance

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on June 19, 2019, under the name Valencia Capital Inc.

The Company completed its initial public offering ("IPO") on August 14, 2020 and is a Capital Pool Company pursuant to the policies of the TSX Venture Exchange (the "Exchange"). The Company is in the development stage and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction, as defined by the policies of the Exchange. Such a transaction will be subject to shareholder and regulatory approval.

On December 7, 2020, the Company entered into a letter of intent and, on July 7, 2021, an amalgamation agreement (the "TB Amalgamation Agreement"), with Terra Balacanica Resources Corp. (formerly 1250598 B.C. Ltd.) ("Terra Balacanica"), a privately held mineral exploration company incorporated under the *Business Corporations Act* (British Columbia) with a principal property in Bosnia and Herzegovina, known as the Viogor-Zanik Project. Subject to certain conditions and Exchange approval, the transaction would have resulted in the reverse takeover of the Company by Terra Balacanica and constituted Valencia's Qualifying Transaction. In August 2021, the Company terminated the TB Amalgamation Agreement.

Valencia continues to evaluate alternative acquisition opportunities with a view to completing its Qualifying Transaction.

3. Selected Financial Information

	September 30, 2023	September 30, 2022	September 30, 2021
Net loss	$ (24,714)	$ (16,905)	$ (30,253)
Loss per share	(0.00)	(0.00)	(0.00)
Total assets	548,381	645,841	730,338

4. Results of Operations

Three months ended September 30, 2023 and 2022

During the three months ended September 30, 2023, the Company reported a net loss of $24,714, or $0.00 per share, as compared to a net loss of $16,905, or $0.00 per share, during the three months ended September 30, 2022, an increase in net loss of $7,809.

The increase in net loss was primarily due to legal costs incurred in connection with the Company evaluating potential Qualifying Transactions. All other costs did not have significant changes.

5. Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the eight last reported quarters.

Quarter ended	Loss	Loss per share
September 30, 2023	$ (24,714)	$ –
June 30, 2023	(32,763)	–
March 31, 2023	(18,610)	–
December 31, 2022	(18,963)	–
September 30, 2022	(16,905)	–
June 30, 2022	(12,183)	–
March 31, 2022	(14,024)	–
December 31, 2021	(25,202)	–

During the quarter ended September 30, 2023, the Company expensed legal fees of $15,248 incurred in relation to evaluating a potential Qualifying Transaction, as well as ongoing professional, transfer agent and filing fees relating to general corporate matters and its ongoing reporting issuer obligations.

During the quarter ended June 30, 2023, the Company expensed legal fees of $23,654 incurred in relation to evaluating a potential Qualifying Transaction, as well as ongoing professional, transfer agent and filing fees relating to general corporate matters and its ongoing reporting issuer obligations.

During the quarter ended March 31, 2023, the Company expensed legal fees of $3,932 incurred in relation to evaluating a potential Qualifying Transaction, as well as ongoing professional, transfer agent and filing fees relating to general corporate matters and its ongoing reporting issuer obligations.

During the quarter ended December 31, 2022, the Company expensed audit fees of $7,000, incurred ongoing professional, transfer agent and filing fees relating to general corporate matters and its ongoing reporting issuer obligations.

During the quarters ended March 31, June 30, and September 30, 2022, the Company incurred ongoing professional, transfer agent and filing fees relating to general corporate matters and its ongoing reporting issuer obligations.

During the quarter ended December 31, 2021, the Company expensed audit fees of $7,000, legal fees of $4,681, representing the balance of fees related to Company's AGM and general corporate matters, as well as $5,547 for filing, regulatory and transfer agency fees.

6. Liquidity and Capital Resources

The Company reported a cash position of $534,802 at September 30, 2023, compared to cash of $560,961 at June 30, 2023. The Company reported working capital $541,005 at September 30, 2023, compared to $565,719 at June 30, 2023, representing a decrease in working capital of $24,714 as a result of operating activities.

On August 13, 2020, the Company completed its IPO and issued 8,833,900 common shares at $0.10 per share for gross proceeds of $883,390.

PI Financial Corp. acted as lead agent for the IPO (the "Agent"). The Company incurred issuance costs of $116,121 to the Agent and issued 883,390 Agent's warrants exercisable at of $0.10 per common share for a period of two years from the date that the common shares of Valencia began trading on the Exchange. All 883,390 warrants expired on August 14, 2022.

On August 14, 2020, the Company granted 605,000 incentive stock options to its officers and directors exercisable at a price of $0.10 per common share expiring on August 14, 2025.

On May 6, 2021, the Company granted an additional 533,390 incentive stock options to certain of its officers and directors exercisable at a price of $0.10 per common share expiring on May 5, 2026.

Cash expenditures during the three months ended September 30, 2023 were related to legal expenses incurred in connection with evaluating potential Qualifying Transactions and to the Company's general and administrative costs.

Current assets excluding cash as at September 30, 2023 consisted of GST receivable of $5,271 (2022 - $1,561), prepaid legal fees of $5,000 (2022 - $nil) and prepaid insurance fees of $3,308 (2022 - $3,308).

Current liabilities as at September 30, 2023 consisted of trade payables and accrued liabilities of $7,376 (2022 - $9,786).

The continuing operations of the Company are dependent upon its ability to evaluate and complete a Qualifying Transaction. To date, the Company has not generated any revenues, has incurred losses since its inception and, at September 30, 2023, had an accumulated deficit of $453,847 (2022 - $358,797).

Operating activities

For the three months ended September 30, 2023, the Company's operating activities used cash of $26,159 (2022 - $6,386).

Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital.

The Company manages its capital structure and makes adjustments, when required, considering certain economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that general and administrative expenses have a limit of $3,000 per month. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under the Exchange Policy 2.4. The Company currently is not subject to other externally imposed capital requirements.

7. Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

8. Financial Instruments & Risk Management

Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The fair values of financial instruments, which include cash, and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Risk and Interest Rate Risk

The Company is not exposed to any significant foreign exchange rate or interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining adequate cash in excess of anticipated needs.

9. Transactions with Related Parties

As at September 30, 2023, the Company owed $1,575 (2022 - $nil) to a company controlled by the Chief Financial Officer of the Company which is included in accounts payable and accrued liabilities.

During the three months ended September 30, 2023, the Company incurred consulting fees of $1,500 (2022 - $1,500) to a company controlled by the Chief Financial Officer of the Company.

10. Proposed Transactions

None.

11. Accounting Standards Issued But Not Yet Effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

12. Additional Disclosure for Venture Issuers Without Significant Revenue

An analysis of material components of the Company's general and administrative expenses is disclosed in the interim financial statements for the three months ended September 30, 2023 and 2022 to which this MD&A relates.

13. Disclosure of Outstanding Share Data

Common Shares

As at November 27, 2023, the Company has authorized an unlimited number of common shares without par value and has 11,383,900 common shares issued and outstanding.

Incentive Stock Options

As at November 27, 2023, the Company has 1,138,390 shares reserved for issuance upon the exercise of officer and directors' options.

Share Purchase Warrants

As at November 27, 2023, the Company has no share purchase warrants outstanding.

14. Additional Information

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.