# LNG Energy Group Corp. (formerly Mind Cure Health Inc.)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended May 31, 2023

The purpose of this Management's Discussion and Analysis ("**MD&A**") is to help the reader understand and assess the material changes and trends in LNG Energy Group Corp. (formerly Mind Cure Health Inc.) ("**LNG**" or the "**Company**") results and financial position. It presents management's perspective on the Company's current and past activities and financial results, as well as an outlook of planned activities.

This MD&A of the results of operations and financial position for the year ended May 31, 2023, has been prepared and includes financial and other information as of September 28, 2023. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2023 (the "**Annual Financial Statements**") prepared in accordance with International Financial Reporting Standards ("**IFRS**").

**Caution on Forward-Looking Information**

This MD&A contains "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking information") with respect to LNG. Statements in this MD&A that are forward-looking information are based on currently available competitive, financial, and economic data and operating and other plans as of the date of this MD&A but subject to various risks and uncertainties concerning the specific factors disclosed herein. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", will", "projects", or "believes" or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions "may", "could", "would", "might", or "will" be taken, occur or delivered. In this MD&A, forward looking information includes, but is not limited to: the Board's plans to continue to consider and evaluate strategic alternatives for the Company; the Company's ability to cover its expected financial obligations for a minimum of one year; and the use of the Company's existing capital resources for care and maintenance of the Company.

Forward-looking information is not a guarantee of future performance and is based upon a number of estimates and assumptions of management at the date the statements are made, including but not limited to: the Board's ability to consider and evaluate strategic alternatives; the expected financial obligations of the Company over the next year; the availability of the Company's capital resources to be used as expected. While LNG considers these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking information. Many assumptions are based on factors and events that are not within the control of LNG and there is no assurance they will prove to be correct.

Although LNG has attempted to identify important factors that could cause actual results, performance or achievements to differ materially from those contained in the forward-looking information, there can be other factors that cause results, performance or achievements not to be as anticipated, estimated or intended, including but not limited to: the availability of board members and/or management to consider and evaluate strategic alternatives, and if identified, the ability to execute on the strategic alternative; unexpected or unknown financial obligations may arise; and existing resources may not be sufficient to care for and maintain the Company. To the extent any forward-looking information contains forecasts or financial outlooks, such information is being provided solely to enable a reader to assess LNG's financial condition and its operational history. Readers are cautioned that this information may not be appropriate for any other purpose, including investment decisions. Such information, as with forward-looking information generally, is, without limitation, based on the assumptions and subject to the risks and other cautionary statements set out above. The actual results achieved will vary from the forecast or financial outlook results and the variations may be material. No representation or warranty of any kind is or can be made with respect to the accuracy or completeness of, and no representation or warranty should be inferred from, our projections or the assumptions underlying them. There can be no assurance that such information will prove to be accurate or that management's expectations or estimates of future developments, circumstances or results will materialize. As a result of these risks and uncertainties, the results or events predicted in this forward-looking information may differ materially from actual results or events. Because of the risks, uncertainties and assumptions contained herein, readers should not read forward-looking information as guarantees of future performance or results. Nothing in this MD&A is, or should be relied upon as, a promise or representation as to the future. All forward-looking information provided in this MD&A is qualified in its entirety by this cautionary statement, and LNG disclaims any obligation to revise or update any such forward-looking information or to publicly announce the result of any revisions to any of the forward-looking information contained herein to reflect future results, events or developments, except as required by law. Accordingly, readers should not place undue reliance on forward-looking information.

Please also see the Company's filing statement dated August 14, 2023, which is available on SEDAR+ at www.sedar.com.

## COMPANY OVERVIEW

LNG (formerly Mind Cure Health Inc.) was incorporated on March 6, 2020, pursuant to the *Business Corporations Act* (British Columbia). The Company's head office is located at 422 Richards Street, Suite 170, Vancouver, British Columbia V6B 2Z4, and its registered office is located at 2500 – 700 West Georgia Street, Vancouver, British Columbia V7Y 1B3.

On March 16, 2022, the Company announced that due to current and foreseeable market conditions the additional capital required to execute the Company's plan was unlikely to be found. Accordingly, the Company made the decision to eliminate all expenditures outside those required to preserve the value of the Company's assets including its public company status with Canadian securities regulators and cash and cash equivalents.

On May 5, 2023, the Company entered into an arrangement agreement ("**Arrangement Agreement**") with LNG Holdings Inc. (formerly LNG Energy Group Inc.) ("**LNG Energy**"), a private company focused on the acquisition of natural gas production and exploration assets in Latin America, pursuant to which the Company became the holder of all of the issued and outstanding securities in the capital of LNG Energy by way of a plan of arrangement under the laws of British Columbia under the Supreme Court of British Columbia. Pursuant to the terms of Arrangement Agreement, the Company consolidated its common shares ("**Common Shares**") on the basis of 1 post-consolidation Common Share for every 6 pre-consolidation LNG. The transactions contemplated by the Arrangement Agreement (the "**Transaction**") constituted a reverse take-over of the Company by the shareholders of LNG Energy. On August 15, 2023, the Transaction closed, and the Company changed its name to "LNG Energy Group Corp."

## BUSINESS OVERVIEW

LNG was a life sciences company with a mission to identify, develop and commercialize products that enhance mental health and wellness. LNG's business activities were primarily focused on developing digital therapeutics technology and researching psychedelic compounds to rapidly scale science-backed and evidence-based mental health therapy globally.

On February 10, 2022, the Company announced that its Board of Directors formed a special committee (the "**Special Committee**") of independent directors to initiate a review process to explore, review and evaluate a broad range of strategic alternatives with a strategic review process (the "**Strategic Review Process**").

The Strategic Review Process encompassed an evaluation of the Company's current strategic direction, operations, market valuation and capital structure and considered appropriate alternatives for the Company including: continuation as a standalone public company, strategic investor investment, acquisition by or a merger with an industry partner involving all or part of the business or assets and other strategic alternatives that were identified during the strategic review.

On March 16, 2022, the Company announced that the Special Committee concluded the initial phases of its Strategic Review Process. The Special Committee determined that the additional capital required to execute the Company's business plan was unlikely to be found under the current and foreseeable market conditions and that none of the strategic alternatives available to the Company necessitated ongoing developmental expenditures. Accordingly, upon the recommendation of the Special Committee, the Board made the decision to eliminate all expenditures outside those required to preserve the value of the Company's assets, including its public company status with Canadian securities regulators and cash and cash equivalents. Canaccord Genuity Corp. was acting as the Special Committee's financial advisor in connection with the Strategic Review Process.

The Company initiated a Company-wide workforce reduction, other than with respect to its Chief Financial Officer, Vice President of Engineering and certain administrative staff required to wind-down the Company's operations and for limited care and maintenance of the Company and its assets; and halted all non-committed expenditures related to the development and marketing work of its iSTRYM product, the research and development related to its synthetic ibogaine program, and the research and development related to its Desire Project. Mr. Philip Tapley, Chair of the Company's board of directors, assumed the role of the Company's interim CEO. Effective October 1, 2022, Mr. Tapley assumed the role of the Company's CEO.

On November 18, 2022, the Company signed a binding Letter of Intent (the "**LOI**") with LNG Energy, a private company focused on the acquisition of natural gas production and exploration assets in Latin America, pursuant to which the Company will become the holder of all of the issued and outstanding securities in the capital of LNG Energy.

On May 5, 2023, the Company closed the first tranche of a non-brokered private placement and issued 3,100,000 units at a price of $0.30 per unit for gross proceeds of $930,000. Each unit consisted of one Common Share and one-half Common Share purchase warrant (each a "**Warrant**"). Every Warrant is exercisable into one Common Share at an exercise price of $0.42 per share for a period of 60 months after the date of issue. Issuance costs of $23,597 were incurred.

On May 10, 2023, the Company closed the second tranche of a non-brokered private placement and issued 416,667 units at a price of $0.30 per unit for gross proceeds of $125,000. Each unit consisted of one Common Share and one-half Warrant. Every Warrant is exercisable into one Common Share at an exercise price of $0.42 per share for a period of 60 months after the date of issue.

In connection with the Transaction, as at May 31, 2023, 75,000 (2022 - 225,000) Common Shares continued to be held in escrow and will be released on September 17, 2023 in accordance with the Company's escrow agreement.

The Transaction closed on August 15, 2023, upon approval of the Company's shareholders and appliable regulatory authorities, and the Common Shares were delisted the Canadian Securities Exchange ("**CSE**") and listed for trading on the TSX Venture Exchange ("**TSXV**") under the ticker symbol "LNGE".

## SELECTED QUARTERLY INFORMATION

The table below discloses selected financial information for the periods indicated.

| | Three months ended May 31, 2023 (audited) | Three months ended February 28, 2023 (unaudited) | Three months ended November 30, 2022 (unaudited) | Three months ended August 31, 2022 (unaudited) | Three months ended May 31, 2022 (audited) |
|---|---|---|---|---|---|
| Revenue | nil | nil | nil | nil | nil |
| Net Income/(loss) | $123,882 | ($200,988) | ($432,130) | ($407,749) | ($5,215,780) |
| Weighted average shares | 95,432,902 | 93,906,327 | 93,906,327 | 93,906,327 | 93,854,522 |
| Net loss per share (1) | ($0.01) | ($0.00) | ($0.00) | ($0.00) | ($0.05) |
| Total assets | $7,592,723 | $6,279,025 | $6,600,513 | $7,149,694 | $8,990,697 |
| Total liabilities | $255,202 | $99,023 | $223,413 | $371,761 | $1,888,914 |
| Shareholders' equity | $7,337,521 | $6,180,002 | $6,377,100 | $6,777,933 | $7,101,783 |
| Working capital | $6,832,063 | $6,179,652 | $6,376,475 | $6,777,033 | $7,100,608 |

| | Three months ended February 28, 2022 (unaudited) | Three months ended November 30, 2021 (unaudited) | Three months ended August 31, 2021 (unaudited) | Three months ended May 31, 2021 (audited) |
|---|---|---|---|---|
| Revenue | nil | nil | nil | nil |
| Net Loss | ($3,118,981) | ($2,950,552) | ($2,840,835) | ($4,317,150) |
| Weighted average shares | 93,906,327 | 93,889,278 | 93,716,018 | 93,181,174 |
| Net loss per share (1) | ($0.03) | ($0.03) | ($0.03) | ($0.05) |
| Total assets | $14,761,141 | $17,736,991 | $19,397,516 | $21,301,040 |
| Total liabilities | $2,320,776 | $2,348,931 | $1,310,262 | $697,383 |
| Shareholders' equity | $12,440,365 | $15,388,060 | $18,087,254 | $20,603,657 |
| Working capital | $8,791,317 | $11,588,384 | $15,063,856 | $18,315,368 |

(1) Basic and fully diluted net loss per share.

## FINANCIAL RESULTS FOR THE THREE AND TWELVE MONTHS ENDED MAY 31, 2023

### Revenue for three and nine months ended May 31, 2023

There were no revenues to report for the three and twelve months ended May 31, 2023.

### Operating Expenses for the three months ended May 31, 2023

For the three months ended May 31, 2023, the Company recorded income and comprehensive income of $123,882 compared to a loss and comprehensive loss of $5,215,780 for the three months ended May 31, 2022. The lower loss was primarily due to the wind-down of the Company's operations that commenced in March 2022 as detailed in the Business Overview section.

Expenses for the three months ended May 31, 2023 included: consulting fees and employee payroll of $91,221 paid to various third party consultants and employees for administration (3 months ended May 31, 2022 $728,586); insurance $39,437 (3 months ended May 31, 2022 $41,250); director and management fees of $52,410 (3 months ended May 31, 2022 $697,364) paid to directors and officers; professional fees of $138,802 consisting primarily of legal fees associated with the Transaction (refer to the Business Overview section) and for general corporate matters (3 months ended May 31, 2022 $337,635); transfer agent and filing fees of $51,709 for ongoing monthly listing and filing fees (3 months ended May 31, 2022 $20,293); and, share-based compensation of $2,233 representing the non-cash value as measured by the

Black-Scholes option pricing model to reflect the fair value of stock options granted to certain directors, officers, employees and consultants and the fair value of DSUs granted to directors, under the Company's equity incentive plan (3 months ended May 31, 2022 ($122,802)) and a gain on its ATMA investment of $505,458.

**Operating Expenses for the twelve months ended May 31, 2023**

For the twelve months ended May 31, 2023, the Company incurred a loss and comprehensive loss of $916,985, compared to a loss and comprehensive loss of $14,141,082 for the twelve months ended May 31, 2022. The lower loss was primarily due to the wind-down of the Company's operations in March 2022 as detailed in the Business Overview section.

Expenses during the twelve months ended May 31, 2023 included: consulting fees and employee payroll of $308,602 paid to various third party consultants and employees for administration (12 months ended May 31, 2022 $3,609,448); director and management fees of $287,161 (12 months ended May 31, 2022 $2,280,190) paid to directors, officers and management consultants; investor relations and marketing expenditures of $68,957 to maintain the Company's public market presence (12 months ended May 31, 2022 $1,187,585); professional fees of $472,005 consisting primarily of legal fees associated with the Transaction (refer to the Business Overview section) and for general corporate matters (12 months ended May 31, 2022 $726,789); transfer agent, listing and filing fees of $89,779 for ongoing monthly listing and filing fees (12 months ended May 31, 2022 $113,133); and, share-based compensation of $121,320 representing the non-cash value as measured by the Black-Scholes option pricing model to reflect the fair value of stock options granted to certain directors, officers and consultants and the fair value of deferred share units granted to directors, under the Company's equity incentive plan (12 months ended May 31, 2022 $562,229) and its gain on ATMA investment of $505,458.

## LIQUIDITY AND CAPITAL RESOURCES

The Company does not currently generate cash from operations. To date, the Company has funded its operations from the sale of equity securities.

As at May 31, 2023, the Company had cash and cash equivalents of $6,664,688 and working capital of $6,832,063 sufficient to cover a minimum of one year's expected financial obligations.

Cash used in operating activities during the year ended May 31, 2023, was $2,856,015 (2022 – $9,208,601). The significant uses in cash were for employee payroll, directors and management fees, consulting fees, investor relations, professional fees and a reduction in accounts payable.

Cash used in investing activities during the year ended May 31, 2023 was $nil (2022 - $382,681).

Cash from financing activities during the year ended May 31, 2023 was $809,531 (2022- $21,111). The increase in cash from financing activities is driven by the private placement that was closed during the year ended May 31, 2023 offset by the loan receivable that was provided to LNG Energy in order to cover off expenses as part of the Transaction.

**Financing Activities**

On May 5, 2023, the Company closed the first tranche of a non-brokered private placement and issued 3,100,000 units at a price of $0.30 per unit for gross proceeds of $930,000. Each unit consisted of one Common Share and one-half Warrant. Every full warrant is exercisable into one Common Share at an exercise price of $0.42 per share for a period of 60 months after the date of issue. Issuance costs of $23,597 were incurred.

On May 10, 2023, the Company closed the second tranche of a non-brokered private placement and issued 416,667 units at a price of $0.30 per unit for gross proceeds of $125,000. Each unit consisted of one Common Share and one-half Warrant. Every full warrant is exercisable into one Common Share at an exercise price of $0.42 per share for a period of 60 months after the date of issue.

In connection with the IPO, as at May 31, 2023, 75,000 (2022 - 225,000) Common Shares continued to be held in escrow and will be released on September 17, 2023 in accordance with the Company's escrow agreement.

**Contractual Obligations**

As at the date of this MD&A, the Company had no contractual obligations requiring payments in the next five years or thereafter.

**Capital Expenditures**

As of the date of this MD&A, the Company had no obligations related to capital expenditures.

**FINANCIAL RISK AND CAPITAL MANAGEMENT**

The Company is exposed in varying degrees to a variety of financial instrument-related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

<u>Credit risk</u>
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts and with a financial services firm. The majority of cash is deposited in bank accounts held with a major bank in Canada and a full-service financial services firm. As most of the Company's cash and cash equivalents are held by one bank and one financial services firm, there is a concentration of credit risk. This risk is managed by using a Canadian chartered bank. Credit risk related to cash and cash equivalents is assessed as low.

The Company is exposed to credit risk related to its accounts receivable as these receivables are based on refundable tax credits owed to the Company by the Canadian government which are at risk of being denied. The credit risk to the accounts receivable is assessed as low.

<u>Liquidity risk</u>
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As of May 31, 2023, the Company had working capital of $6,832,063, sufficient to cover a minimum of one year's expected financial obligations. On March 16, 2022, the Company eliminated all reoccurring expenditures outside those required to preserve the value of the Company's assets, including its public company status with Canadian securities regulators and cash and cash equivalents. Liquidity risk is assessed as low.

<u>Foreign exchange risk</u>
The Company is exposed to currency risk to the extent that monetary operational expenses are denominated in both CAD and USD while functional currency of CAD in used for reporting. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company had the following balances in monetary assets and monetary liabilities which are subject to fluctuation against CAD:

| | | Denominated in: US$ |
|---|---|---|
| Cash | $ | 2,508 |
| Accounts payable and accrued liabilities | | (23,353) |
| Total net US$ | $ | (20,845) |
| Foreign currency rate | | 1.3603 |
| **Equivalent to Canadian dollars** | **$** | **(28,355)** |

Based on the above net exposures as at May 31, 2023, and assuming that all other variables remain constant, a 10% change of the USD against the CAD would impact net loss by approximately $2,835 (2022 - $157,113).

Price risk
The Company is exposed to price risk with respect to equity prices. 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. A 10% fluctuation in the price of it's investments would result in approximately a $50,000 change in loss and comprehensive loss.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at May 31, 2023, the Company did not have any financial instruments subject to interest rate risk.

Capital management
The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, cash and near cash investments. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

Fair value
The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- 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 or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The following is an analysis of the Company's financial assets and liabilities measured at fair value using level inputs as at May 31, 2023:

| | As at May 31, 2023 | | |
|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** |
| **Financial Assets** | | | |
| Cash | $ 597,283 | $ - | $ - |
| Cash equivalents | 6,067,405 | - | - |
| Investments | - | 505,458 | - |

Accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the short-term maturity.

In determining the value of Level 2 investments, the Company considered recent financings completed by the investee.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

The following table sets out a breakdown of all material components of certain costs of the Company for the year ended May 31, 2023.

| **Item** | **For the year ended May 31, 2023** |
|---|---|
| Consulting fees and employee payroll | $ 308,602 |
| Filing fees | 89,779 |
| Director and management fees | 287,161 |
| Professional fees | 472,005 |
| Share-based compensation | 121,320 |

### Financings

The Company raised a combined total of $28,420,326 in the IPO on September 17, 2020, the private placement on November 19, 2020, and the bought deal on February 10, 2021. The actual use of proceeds to May 31, 2022, was $22,612,270. As previously announced by the Company, on March 16, 2022, the board decided to eliminate all expenditures outside those required to preserve the value of the Company's assets. All proceeds remaining from the Company's past financings will be used for care and maintenance of the Company prior to the expected closing the Transaction (refer to the Business Overview section).

## ADDITIONAL DISCLOSURES

### Off-Balance Sheet Arrangements

No off-balance sheet arrangements were made in this reporting period.

### Related Party Transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. During the year ended May 31, 2023, the following transactions with related parties are summarized as follows:

| | **For the year ended May 31,** | **For the year ended May 31,** |
|---|---|---|

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Management, officer and director remuneration | $ | 287,161 | $ | 2,280,190 |
| Professional fees | | 6,125 | | - |
| Share-based payments | | 100,000 | | 388,790 |
| | $ | **393,286** | | **2,668,980** |

Included in the accounts payable and accrued liabilities as at May 31, 2023 is a total amount due to related parties of $nil (2022: $44,847). The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

Share-based payment for directors represent the costs of directors' grants under the Company's equity incentive plan and are recognized within share-based payments.

## Significant Accounting Policies including Initial Adoption

*Critical Accounting Estimates, Judgments and Assumptions*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made. The Company's critical accounting estimates, judgments and assumptions are set out in note 3 of the Financial Statements.

*New accounting standards and interpretations not yet adopted*

The Company's significant accounting policies are set out in note 3 of the Financial Statements. This MD&A should be read in conjunction with the Financial Statements. Other 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.

## Outstanding Share Data

The Common Shares were listed on the CSE under the ticker symbol "MCUR" and as of the date of this MD&A, the outstanding share data was as follows:

- 19,167,723 Common Whares issued (115,006,338 pre 6:1 consolidation)
- 493,581 deferred share units ("**DSUs**") were converted to Common Shares;
- 266,000 options and Warrants were converted into Common Shares; and
- The Company issued 135,180,762 Common Shares, 79,934,761 Warrants to former holders of warrants of LNG Energy and 2,074,641 broker warrants of the Company ("**Broker Warrants**") to former holders of broker warrants of LNG Energy in connection with the closing of the Transaction.

The following table summarizes the issuance, exercise, and expiry of options for the year ended May 31, 2023 and until the date of this MD&A. The weighted-average remaining life of all outstanding options as at May 31, 2023 is 2.11 years (May 31, 2022 – 2.76 years).

| | Number of options | Weighted average exercise price |
|---|---|---|
| Balance, May 31, 2021 | 1,702,500 | $2.46 |
| Options granted | 249,167 | 1.68 |
| Exercised | (9,221) | 1.20 |
| Forfeited | (342,708) | 2.16 |
| Expired | (172,030) | 2.88 |
| **Balance, May 31, 2022** | **1,427,708** | **$2.46** |
| Expired | (677,708) | 2.88 |
| **Balance, May 31, 2023** | **750 ,000** | **$1.92** |
| **Exercisable, May 31, 2023** | **745,833** | **$1.92** |

The following table summarizes the issuance and exercise of warrants for the year ended May 31, 2023. The weighted-average remaining life of all outstanding warrants as at the date of this MD&A is 3.44 years (May 31, 2022 – 2.78 years).

| | Number of Warrants | Weighted average exercise price |
|---|---|---|
| **Balance, May 31, 2021** | 4,954,962 | **$ 4.32** |
| Exercised | (6,698) | 1.50 |
| **Balance, May 31, 2022** | 4,948,264 | 0.12 |
| Issued | 1,758,334 | 0.45 |
| Expired | (1,412,499) | 3.48 |
| **Balance, May 31, 2023** | **5,294,099** | **0.09** |

The following table summarizes the issuance of DSUs for the year ended May 31, 2023.

| | **Number of DSUs** | **Weighted average price** |
|---|---|---|
| DSUs outstanding at May 31, 2022 | 266,896 | $ 0.90 |
| DSUs granted | 226,683 | 0.42 |
| **DSUs outstanding at May 31, 2023** | **493,579** | **0.66** |

In connection with the Proposed Transaction which closed on August 15, 2023, the Common Shares and Warrants were delisted from the CSE and, upon the receipt of the final listing approval, the Company will list 155,108,066 Common Shares and 44,577,350 Warrants on the Exchange with such Common Shares and Warrants expected to begin trading after closing of the Transaction. The ticker symbol for the Common Shares will be "LNGE".

## Risk Factors

There are a number of risk and uncertainties that could impact the Company's ability to successfully execute its key strategies and may materially affect future events, performance or results, including without limitation the following risk factors discussed in greater detail below. The occurrence of any of such risks, or other risks not presently known to the Company or that the Company currently believes are immaterial, could materially and adversely affect the Company's business or operations, investments, prospects, cash flows, results of operations or financial condition.

*Negative Operating Cash Flow*

The Company currently has a negative operating cash flow and may continue to have that for the foreseeable future. To date, the Company has not generated any revenues. The Company's ability to generate revenues and potential to become profitable will depend largely on being able to identify, evaluate and complete a transaction whereby the Company acquires assets, by way of purchase, amalgamation, merger or arrangement with another company or by other means. There can be no assurance that any such events will occur or that the Company will ever become profitable. Even if the Company does achieve profitability, it cannot predict the level of such profitability.

*Dilution*

A Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to shareholders, which dilution may be significant, and which may also result in a change of control of the Corporation.

**The Common Shares involve a certain degree of risk. Any person currently holding or considering the purchase of Common Shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time, should be aware of these and other factors and should consult with his or her legal, tax and financial advisors prior to making an investment in the Common Shares or any other securities of the Company that may be offered or that are issued and outstanding from time to time. The Common Shares and any other securities of the Company that may be offered or that are issued and outstanding from time to time should only be purchased by persons who can afford to lose all of their investment.**

## Legal Proceedings

There are no legal proceedings, current or pending, to which the Company is a party or to which any of its assets are subject.

## Appointment of Auditor

Davidson & Co LLP, Vancouver, BC, Canada was re-appointed as the Company's auditor on December 7, 2022.

## Disclosure Controls and Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the Financial Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Financial Statements and (ii) the Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Interim Filings ("**NI 52-109**"), the certificate required for venture issuers (as such term is defined in NI 52-109) does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with the Company's IFRS.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate required pursuant to NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Subsequent Events

Subsequent to May 31, 2023:

- 493,581 DSUs were converted to Common Shares;
- 266,000 options and Warrants were converted into Common Shares; and
- The Company issued 135,180,762 Common Shares, 79,934,761 Warrants to former holders of warrants of LNG Energy and 2,074,641 broker warrants of the Company to former holders of broker warrants of LNG Energy in connection with the closing of the Transaction.

In connection with the Transaction which closed on August 15, 2023, the Common Shares and Warrants were delisted from the Canadian Securities Exchange and, upon the receipt by the TSXV of the final listing approval, the Company listed 155,108,066 Common Shares and 44,577,350 Warrants on the TSXV with such Common Shares and Warrants began trading after closing of the Transaction. The ticker symbol for the Common Shares will be "LNGE".

On August 15, 2023, the Company completed the Transaction and as a result of the Common Shares were delisted from the CSE and subsequently commenced trading on the TSXV under the ticker symbol "LNGE".

On September 28, 2023, the Company issued 13,300,000 DSUs and 12,406,484 options to certain directors, officers and employees of the Company, subject to the approval of the TSXV. The Options were granted on September 28, 2023, pursuant to the Company's equity incentive plan (the "Equity Incentive Plan") and are exercisable at a price of $0.50 per share and are set to expire on September 28, 2028. The Options vest immediately upon grant.

## Approval and Further Information

The Board of Directors of the Company has approved the disclosure contained in this MD&A. Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.