

Management's Discussion and Analysis

locaste Ventures Inc.

(A Capital Pool Company)

For the Fiscal Years Ended September 30, 2024 and 2023

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INTRODUCTION

The following management discussion and analysis ("MD&A") of the operation, results and financial condition of locaste Ventures Inc. (the "Corporation") should be read in conjunction with the audited financial statements and accompanying notes ("Financial Statements") of the Corporation for the fiscal years ended September 30, 2024 and 2023. The Financial Statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The effective date of this MD&A is January 10, 2025. All monetary amounts are reported in Canadian dollars unless otherwise indicated.

For further information on the Corporation reference should be made to the Corporation's public filings which are available on SEDAR.

FORWARD LOOKING STATEMENTS

This MD&A may contain "forward looking statements" that reflect the Corporation's current expectations and projections about its future results, including without limitation, the acquisition of assets to qualify as a Qualifying Transaction ("QT") or the possible raising of additional capital. When used in this MD&A, words such as "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Corporation's future operational or financial performance, and are subject to risks and uncertainties and other factors that could cause the Corporation's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicate herein. Due to risks and uncertainties, including the risks and uncertainties identified under the heading "Risks and Uncertainties", actual events may differ materially from current expectations. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities regulations.

CORPORATION OVERVIEW

The Corporation was incorporated under the *Business Corporations Act* (British Columbia) on July 6, 2021. The Corporation was formed for the primary purpose of completing an initial public offering ("IPO") and listing on the TSX Venture Exchange ("Exchange") as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the Exchange. The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a QT, as defined under the policies of the Exchange.

The registered and records office of the Corporation is located at 1200 Waterfront Centre, 200 Burrard Street, Vancouver, British Columbia, V7X 1T2. The head office of the Corporation is located at Suite 200, 305 10th Avenue SE, Calgary, Alberta T2G 0W2.

The Corporation has not commenced operations and has no assets other than cash. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein within 60 months of listing on the Exchange. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arms' length transaction, approval of the majority of the minority shareholders.

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CORPORATION OVERVIEW – continued

There is no assurance that the Corporation will identify or complete a QT within the time limitations permissible under the policies of the Exchange, at which time the Exchange may suspend or delist the Corporation's common shares from trading.

On November 10, 2021, the Corporation completed its IPO and listed on the Exchange raising gross proceeds of \$300,000 through the issuance of 3,000,000 common shares at \$0.10 per common share. The common shares were approved for listing on the Exchange on November 9, 2021, and immediately halted pending closing of the IPO. The common shares commenced trading on the Exchange effective November 12, 2021, under the symbol "ICY.P".

On May 31, 2023, the Corporation entered into a non-binding letter of intent (the "Letter of Intent") with Simulacra Corporation ("Simulacra"). Pursuant to the Letter of Intent, the Corporation and Simulacra proposed to complete a business combination transaction, which was intended to constitute the Corporation's QT (the "Proposed Transaction"). The closing date of the Proposed Transaction was anticipated to be on or before October 31, 2023 or such other date as mutually agreed to between the Corporation and Simulacra. The Corporation and Simulacra allowed the Letter of Intent to terminate in accordance with the terms thereof as a result of a definitive agreement not being entered into on or before October 31, 2023. On October 31, 2023, the Corporation's common shares resumed trading on the Exchange. As of the issuance date of these audited financial statements for the fiscal year ended September 30, 2024, the Corporation continues to seek out a QT as defined under the policies of the Exchange.

The Corporation's potential acquisition of a QT and recurring operating losses and working capital needs may require that it obtain additional capital to continue its operation. Such outside capital may include the sale of additional common shares. There can be no assurance that capital will be available as necessary to meet the Corporation's needs or, if the capital is available, that it will be on terms acceptable to the Corporation. The issuances of additional equity securities by the Corporation may result in a significant dilution in the equity interests of its current shareholders.

OVERALL PERFORMANCE

The Corporation does not have any operations and, until it completes a QT, will not conduct any business other than the identification and evaluation of businesses and assets for potential acquisition.

The net loss and comprehensive loss for the fiscal year ended September 30, 2024 was \$97,064 compared to \$129,972 for the prior fiscal year. The expenses comprised of professional and administrative fees.

SELECTED FINANCIAL INFORMATION

The following table provides a brief summary of the Corporation's financial operations for the fiscal years ended September 30, 2024 and 2023:

	Fiscal years ended September 30,	
	2024	2023
Expenses	\$97,064	\$129,972
Net loss and comprehensive loss	\$(97,064)	\$(129,972)
Net loss per share – basic and diluted	\$(0.01)	\$(0.01)

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	As at September 30,	
	2024	2023
Total assets	\$328,149	\$472,579
Total liabilities	\$29,934	\$77,300
Cash dividends declared per share	\$nil	\$nil

This information has been prepared in accordance with IFRS and is presented in Canadian dollars, which is the functional currency of the Corporation.

DISCUSSION OF OPERATIONS

The Corporation will not generate revenues until after a QT is completed.

Professional and administrative expenses for the fiscal year ended September 30, 2024 were \$97,064 compared to \$129,972 for the same period in the prior year. Overall, the fiscal year ended September 30, 2023 had higher legal and filing fees than the fiscal year ended September 30, 2024 as a result of a letter of intent for a proposed QT that was ultimately terminated on October 31, 2023.

Stock options were granted in November 2021 to directors and officers of the Corporation, and none were granted during the fiscal years ended September 30, 2024 and 2023. On August 16, 2023, a director of the Corporation resigned. As a result thereof, the expiry date of 275,000 share options was accelerated to one year from the date of resignation. During the fiscal year ended September 30, 2024, 275,000 share options were forfeited (2023 – nil).

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Corporation's financial results for the eight completed quarters:

	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net loss and comprehensive loss	(\$20,622)	(\$29,936)	(\$14,752)	(\$31,754)
Basic and diluted loss per share	-	-	-	-
	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Net income (loss) and comprehensive income (loss)	(\$5,357)	(\$69,342)	(\$19,506)	(\$35,767)
Basic and diluted loss per share	-	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2024, the Corporation had working capital of \$298,215.

As at September 30, 2024, the shareholders' equity of \$298,215 consists of share capital of \$645,711, options reserve of \$88,505, and accumulated deficit of \$436,001.

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LIQUIDITY AND CAPITAL RESOURCES – continued

On November 10, 2021, the Corporation completed its IPO. In accordance with Policy 2.4 of the Exchange, the proceeds raised from the sale of securities may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation. The Corporation is required to complete its QT on or before 60 months from the date the Corporation received regulatory approval to list its common shares on the Exchange. There is no assurance that the Corporation will be able to identify a suitable business, asset or property as its QT. Furthermore, even if a QT is identified, there can be no assurance that the Corporation will be able to complete the transaction. If the Corporation identifies a QT, it may be necessary for the Corporation to seek additional financing. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings, under terms that would be acceptable for the Corporation.

OFF BALANCE SHEET TRANSACTIONS

The Corporation does not have any off-balance sheet arrangements as at September 30, 2024 or as of the date of this MD&A.

RELATED PARTY TRANSACTIONS

There was no remuneration paid to key management personnel and no other related party transactions during the fiscal years ended September 30, 2024 and 2023.

CRITICAL ACCOUNTING ESTIMATES**Use of Judgments and Estimates**

The preparation of these financial statements in conformity with IFRS requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. It also requires management to exercise its judgment in the processing of applying the Corporation's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant areas requiring the use of estimates and judgments include the recoverability of unrecognized deferred income tax assets and the fair value of share-based compensation.

CHANGES IN ACCOUNTING POLICIES

The Corporation has not changed its accounting policies during the fiscal year ended September 30, 2024. A detailed summary of all the Corporation's material accounting policies is included in the notes to the audited financial statements for the fiscal years ended September 30, 2024 and 2023.

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FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**Capital Management**

The Corporation'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 Corporation includes equity, comprised of share capital, options reserve, and accumulated deficit, in the definition of capital.

The Corporation'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 Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Exchange.

Risk Disclosures and Fair Values

The Corporation's financial instruments carried at amortized cost consist of accounts payable and accrued liabilities, which approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

FINANCIAL INSTRUMENTS*Recognition*

The Corporation recognizes financial assets and financial liabilities on the date the Corporation becomes a party to the contractual provisions of the instruments.

Classification

The Corporation classifies its financial assets and financial liabilities in the following measurement categories: i) those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss, and ii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at fair value through profit or loss (irrevocable election at the time of recognition).

For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income or loss.

The Corporation reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Corporation has implemented the following classifications:

Cash is classified as an asset at fair value and any period change in fair value is recorded in profit or loss.

Accounts payable and accrued liabilities are classified as other financial liabilities and measured at amortized cost using the effective interest rate method.

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FINANCIAL INSTRUMENTS – continued*Measurement*

All financial instruments are required to be measured at fair value on initial recognition, plus, in case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments or principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes taken through profit and loss or other comprehensive income (irrevocable election at the time of recognition).

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

Cash is a level 1 financial instrument measured at fair value on the statements of financial position.

DISCLOSURE OF OUTSTANDING SHARE DATA

Authorized share capital: Unlimited common shares without nominal or par value and unlimited preferred shares.

Issued and outstanding as at September 30, 2024 and the date of this MD&A: 11,205,260 common shares, 94,740 Agent's Options, and 825,000 stock options to officers and directors of the Corporation.

The following table summarizes the maximum number of common shares outstanding as at September 30, 2024 and as of the date of this MD&A if all outstanding Agents' Options and Stock Options were converted to common shares:

Authorized - Unlimited Common Shares

	September 30, 2024	As at the date of this MD&A
Common shares issued	11,205,260	11,205,260
Stock options to purchase common shares	825,000	825,000
Agent's Options to purchase common shares	94,740	94,740
Total maximum number of common shares	12,125,000	12,125,000

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DISCLOSURE OF OUTSTANDING SHARE DATA – continued**Escrowed Common Shares**

Upon completion of the Corporation's initial public offering, 8,000,000 of the issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. Twenty five percent (25%) of the escrowed common shares will be released from escrow on the issuance of the Final Exchange Bulletin (as defined in the policies of the Exchange) (the "Initial Release") and an additional twenty five percent (25%) will be released on each of the dates which are 6 months, 12 months, and 18 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers of the Corporation prior to completion of the QT must also be deposited in escrow until the Final Exchange Bulletin is issued.

All common shares acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

LOSS PER SHARE

Basic loss per share is computed by dividing the net loss applicable to common shares by the weighted average number of common shares outstanding for the relevant period.

Diluted loss per share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted. The diluted loss per share has not been presented as it would be anti-dilutive.

RISKS AND UNCERTAINTIES

The Corporation's financial performance is likely to be subject to the following risks and uncertainties:

1. The Corporation has not commenced commercial operations, has no business or assets other than cash. The Corporation has no history of earnings, will not generate earnings to pay dividends until at least after the completion of the QT and does not intend to pay dividends in the foreseeable future.
2. Until completion of the QT, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential QTs.
3. The Corporation only has limited funds with which to identify and evaluate potential QTs and there can be no assurance that the Corporation will be able to identify or complete a suitable QT.
4. If the Corporation fails to identify a business or assets that warrant acquisition or participation within the time limits set under the policies of the Exchange, the Exchange may de-list the Corporation's common shares from trading.
5. If a QT is completed, there can be no assurance that an active and liquid market for the Corporation's common shares will develop and investors may find it difficult to resell the Common Shares.
6. There can be no assurance that the Corporation will be able to obtain additional financing in the future on terms acceptable to the Corporation or at all.
7. The Corporation's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor to growth and success of the Corporation. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Corporation.