Minerva Intelligence Inc.

(formerly Two Owls Ventures Corp.)

Management Discussion and Analysis
of
Financial Position and Results of Operations
for the Nine-Month period ended September 30, 2019

This report is dated November 25, 2019.
(The “Report Date”)

Introduction

The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements of Minerva Intelligence Inc. (formerly Two Owls Ventures Corp.) (the "Company") for the nine-month period ended September 30, 2019, as well as the audited financial statements of Minerva Intelligence (Canada) Ltd. (formerly Minerva Intelligence Inc.) ("Minerva Canada" or "Historical Minerva") for the year ended December 31, 2018.

The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Note 3 to the audited financial statements of Historical Minerva at December 31, 2018 describes the Company's significant accounting policies, as well as new accounting pronouncements not yet effective. During the nine-month period ended September 30, 2019, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged, except for the adoption of IFRS 16, Leases, which was effective January 1, 2019. The reader is referred to notes 3, 6 and 8 of the unaudited condensed consolidated interim financial statements as of June 30, 2019 for a detailed discussion of the effects of the adoption of IFRS 16.

The reader is also referred to note 3 and below for a discussion of the completion of the qualifying transaction between Two Owls ventures Corp. and Minerva Intelligence Inc.

All amounts presented in this document are stated in Canadian dollars, except where otherwise noted.

Forward Looking Statements

This Management's Discussion and Analysis ("MD&A") is intended to supplement and complement the unaudited condensed consolidated interim financial statements for the nine-month period ended September 30, 2019 as well as the audited financial statements of both Historical Minerva and the Company as of December 31, 2018 and notes thereto (the "Financial Statements"). Readers are encouraged to review these Financial Statements in conjunction with a review of this MD&A. Certain notes to the Financial Statements are specifically referred to herein, and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: Company performance; the ability of the Company to successfully execute on its growth and new business strategies, including attracting new clients; the demand for its products continuing to increase; stable currency valuations; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact. When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward-looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in technology and general market conditions. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized. **Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.**

Corporate Overview and Description of the Business

Minerva Intelligence Inc. (formerly Two Owls Ventures Corp.) was incorporated on August 16, 2017 pursuant to the *Business Corporations Act* of British Columbia and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. On March 14, 2018, the Company completed its Initial Public Offering ("IPO") and on March 26, 2018, the Company's shares commenced trading on the TSX-V.

On February 22, 2019, the Company incorporated a wholly owned subsidiary, 1198574 B.C. Ltd., under the *Business Corporations Act* (British Columbia). This subsidiary was incorporated solely for the purpose of completing the QT discussed below.

Minerva Intelligence (Canada) Ltd. (formerly Minerva Intelligence Inc.) was incorporated on May 17, 2017 pursuant to the Business Corporations Act of Ontario. On April 23, 2019, Historical Minerva continued its jurisdiction of incorporation from Ontario to British Columbia, to become subject to the B.C. *Business Corporations Act* ("BCBCA").

The head office of the Company is located at Suite 301, 850 West Hastings Street, Vancouver, British Columbia V6C 1E1. The registered office of the Company is located at 2900 - 595 Burrard Street, Vancouver, B.C. V7X 1J5.

Acquisition of Minerva Intelligence (Canada) Ltd.

On May 23, 2019 the Company closed its arm's length Qualifying Transaction ("QT"), by acquiring all of the issued and outstanding shares of Historical Minerva from the former holders thereof, in exchange for shares of the Company. Pursuant to a Plan of Arrangement and Arrangement Agreement, the following was completed during the period:

(a) the Company completed a consolidation of its 6,200,000 outstanding common shares on a two-for-one basis (resulting in 3,100,000 shares outstanding);

(b) the Company changed its name to "Minerva Intelligence Inc.";

(c) Historical Minerva continued its jurisdiction of incorporation from Ontario to British Columbia, to become subject to the B.C. *Business Corporations Act* ("BCBCA");

(d) Historical Minerva amalgamated with 1198574 B.C. Ltd. (a wholly owned subsidiary of the Company) and continued as "Minerva Intelligence (Canada) Ltd." under the BCBCA;

(e) the Company issued an aggregate of 38,575,005 post-consolidated shares in exchange for all of the outstanding shares of Historical Minerva; and

(f) the Company also issued (i) 1,000,000 post-consolidated shares as a finder's fee, and (ii) a total of 1,950,000 stock options in replacement of outstanding options in the capital of Minerva, each new option entitling the holder to acquire one share of the Company at the exercise price of $0.2534 per share.

As a result of the QT, the former shareholders of Historical Minerva own in excess of 50% of the outstanding shares of the amalgamated entity. For accounting purposes Historical Minerva is considered to be the accounting acquirer and therefore, the corporate merger has been accounted for as a reverse takeover. For financial reporting purposes, the Company is considered a continuation of Historical Minerva, the legal subsidiary, except with regard to authorized and issued share capital which is that of the Company, the legal parent. Consequently, comparative amounts in these condensed consolidated interim financial statements are those of Historical Minerva only.

Changes in Operations and Activities during the Period

On September 24, 2019, the Company established a German subsidiary company, Minerva Intelligence Gmbh ("Minerva Germany"). The subsidiary was formed to facilitate the Company's sales and marketing activities in Europe, as well as any activities with the Company's strategic partners or with European governmental agencies. Minerva Germany is currently inactive as final registration procedures are still being completed. Accordingly, the unaudited condensed consolidated financial statements of the Company as of September 30, 2019 include Minerva Germany and certain limited expenses incurred from formation to the period end.

Subsequent to the period end, on October 7, 2019 the Company announced a number of board and management changes to enhance operations:

- Mr. Scott Tillman was appointed as Chief Executive Officer of the Company to provide strategic and market depth to the Company;
- Mr. Clinton Smyth moved into the position of Chief Technology Officer, to allow him to focus on product development;
- Prof. David Poole resigned from the board of directors, to allow the appointment of an independent director, continuing in the position of Chief Software Architect; and
- Mr. Kevin Thomas was appointed as an independent director, to enhance the depth of experience of the board of directors.

Mr. Tillman is the manager of Pi Consulting LLC, a private company focused on providing third party representation and advisory services for complicated special situations, workout and turnaround opportunities. Mr. Tillman started his career on Wall Street in 2001 at CBA Securities and joined Harbinger Capital Partners, a New York-based hedge fund, in 2003. As vice-president and director of investments at Harbinger, he helped chart the future of many companies, overseeing ownership stakes and bankruptcies involving billions of dollars in a variety of sectors. In 2008 Mr. Tillman left Harbinger and went on to provide myriad consulting services to hedge funds and family offices, as well as sponsoring various business deals. His marquee transactions ranged from being the sole independent board member of Gawker Media Group Inc. during its bankruptcy, sales and litigation resolution processes to the purchase, repositioning and ultimate sale of a 108,000-square-foot downtown Chicago data centre. He was involved in early work with the heuristic identification verification start-up Socure and has been CEO since 2009 for the long-term liquidation and repositioning of a former aluminum smelting company (GNAHC) with land sales to Google in Oregon. GNAHC is currently working on development of the world's first carbon-free hyperscale data centre campus with on-premise wind, solar and up to 1,200 megawatts of pumped storage battery capacity in Washington State in what would be North America's first such facility in over 30 years.

Mr. Thomas is a principal of Vaughn Holdings LLC and Firogo Opportunities LLC, private investment and advisory companies. Mr. Thomas began his career in 1998 as a corporate finance attorney at Stoel Rives LLP, in Portland, Ore., advising companies on corporate governance, finance and M&A (merger and acquisition) matters. He joined ESCO Corp., a private company operating in multiple industries, in 2003. During his time there, he held multiple roles including management of legal, compliance, risk management, human resources, information technology, real estate and communications. In 2018, as senior vice-president of administration, general counsel and corporate secretary, he ended his career with ESCO with the sale of the company to The Weir Group PLC, a publicly listed company and member of the FTSE 250. Mr. Thomas is a board member of CMD, a diversified advertising and marketing agency.

In addition, on October 7, 2019, the company announced that Lakeshore Securities has been engaged to provide services as a market maker, in accordance with TSX Venture Exchange Policy 3.4. Lakeshore has been engaged for an initial term of three months, with a fee starting at $3,000 per month. No stock options are being granted in connection with the engagement. Lakeshore is a Canadian independent, privately owned securities dealer located in Toronto, Ont., that provides stock brokerage, advisory and portfolio management services to institutional and high-net-worth individual investors. It provides fee-based market-maker services to TSX-V- and Canadian Securities Exchange-listed companies. Lakeshore is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and a member of the Canadian Investor Protection Fund (CIPF). Lakeshore is arm's length to the company. Lakeshore's market-making activity will be primarily to correct temporary imbalances in the supply and demand of the company's shares. Lakeshore will be responsible for the costs it incurs in buying and selling the company's shares, and no third party will be providing funds or securities for the market-making activities.

On November 1, 2019, the Company announced that Virtus Advisory Group Inc. ("Virtus") was retained to provide investor relations services to increase general market awareness in the investment community. Minerva has agreed to pay Virtus a monthly service fee of $11,000 plus HST and to issue 250,000 options (the "IR Options") to Virtus with an exercise price of $0.13. The IR Options will vest in equal portions over 12 months from the grant date. Virtus' engagement will be for an initial period of 12 months, subject to termination by either party at any time.

Description of the Business

Minerva aims to bring the benefits of artificial intelligence technology to industries dependent on reasoning with complex technical and scientific data by building proprietary evidence-based decision-making software. We are knowledge engineers using AI and standards to describe, reason, explain and provide actionable and auditable advice for our customers. Minerva's AI combines machine intelligence with human intelligence to reach conclusions faster than possible with humans alone, but with the explanations needed to trust the results. The Company is currently pursuing two industries: Geology and Geohazards.

To this end, Minerva has re-engineered previously acquired software to take advantage of recent developments in various related software technologies. Minerva has also developed in-house expertise in complementary areas, such as augmented reality, and updated taxonomies for use in knowledge representation, and has assembled a team of software and earth science professionals knowledgeable in the technologies it uses.

Minerva's proprietary AI platform (the "Software") consists of the AI software acquired from Georeference Online Ltd. ("Georeference"), as enhanced and re-engineered by Minerva. The Software combines human domain expertise (e.g., mineral exploration or natural hazard models) with information from public and private databases in a cognitive computer reasoning system to carry out complex tasks faster and more thoroughly than can be done by human beings. Knowledge engineering, logic programming and reasoning with uncertainty are key elements of Minerva's Software.

Minerva's Software has been developed to function in multiple diverse problem domains. In each domain in which it is deployed, a key element of its effective operation is the domain knowledge base and models deployed alongside the available voluminous and otherwise unwieldy data to which such knowledge base and models are applied. For this reason, Minerva gives its systems different names for the different domains within which it is deployed.

Minerva initially applied its technology to minerals exploration due to its extensive knowledge-base in economic geology; however, the Software could be applicable to other industries with complex problem domains, such as environmental protection, geohazards, land use planning, insurance and healthcare. The Software also has potential applications with respect to the European Union's ten-year INSPIRE initiative. See below.

Minerva believes that there will be significant growth in Artificial Intelligence Software-as-a-Service (AI-SaaS) over the next decade. Due to relatively limited and unique datasets and scarce AI talent, it is unlikely that a large number of enterprises will build their own proprietary software. Instead AI service providers, such as Minerva, will emerge with the necessary AI expertise and domain specific knowledge base to provide value-added AI services.

Principal Products

The principal existing products are:

SolACE

Minerva has a suite of products designed to aid customers in standardizing and aligning their data to allow them to utilize Minerva's high-value proprietary software. In addition to the software suite, Minerva also sells consulting services to aid customers.

SolACE standardizes disconnected data to ensure interoperability. SolACE enables organizations to create and curate standards and design self-improving workflows to align current and future datasets. Controlled vocabularies are built and validated by Minerva's ACE software, and project data is aligned and transformed with Minerva's DBConverter. With each alignment, the system learns common misspellings, alternative labels, and legacy codes making each sequential alignment quicker.

Target (formerly MineMatch®)

Minerva intends to apply its Target system as a software service for enhancing the success rate of minerals exploration.

While a significant amount of capital has been spent on collecting exploration data over the years, it has led to databases that are too vast and complex for geologists to effectively evaluate. At the same time there is not enough data characterizing existing mineral deposits for machine learning techniques to be broadly successful. Mineral deposits are rare and complex with many different attributes.

Minerva’s Target system addresses both discovery difficulty and data volume problems. Minerva optimizes mineral deposit discovery by combining proprietary and open source AI technologies with other modern technologies such as augmented reality, and with proven legacy technologies such as geological modelling. This optimum combination of AI technologies allows Minerva to find the best locations at which to conduct exploration, to explain why each location was identified, and to provide advice on what additional exploration information to look for at such locations.

The principal market for Minerva’s Target system lies with mineral exploration companies and institutions, both governmental and non-governmental, that promote minerals exploration, such as geological surveys and the World Bank. Minerva markets its services to these entities primarily through trade booths at conferences, and by maintaining a profile in industry journals.

The latest version of the Target system was tested during 2018, and has been marketed as a fully operational product since September 2018, producing maps for five client companies.

LEO Pro™ (formerly MinSem)

LEO PRO (Language Expander and Organizer) is an AI semantics platform customized for management of medium to large mining companies’ digital knowledge assets, such as their exploration and mining data. This platform addresses the need within mining companies to achieve interoperability between their exploration, mining, metallurgical and environmental remediation knowledge assets, which is achievable only through implementation of semantic standards, the latter being a field within which Minerva has specialist expertise.

LEO™ (formerly MinSem Lite) is a scaled-down version of LEO Pro which addresses the knowledge-management needs of minerals exploration companies which are not engaged in mining, and hence do not invest heavily in mining, metallurgical and environmental assets.

Both platforms allow companies to use related semantics-based AI systems, such as those provided by Minerva, to greater effect.

DRIVER™

DRIVER is a system for interpreting drilling data for entire suites of multi-element assays in dozens of different directions and then comparing the results for significance against known mineral deposit zonation characteristics. This approach facilitates the identification of alteration and mineralization zones that may relate to economic mineralization, which are very difficult and time-consuming to identify any other way.

The collection of drilling and assay data is often the most expensive aspect of an exploration program, with many companies evaluating only a handful of the elements returned in the assays. Estimations of element distribution during the resource evaluation step is a time-consuming task usually focused on a single element of interest, and multi-element data evaluation is often not conducted at all. Interrogation of multi-element data and evaluation of their high and low zones can refine an exploration hypothesis and focus the drilling decision process. It can also provide critical information about associated deleterious elements and their spatial relationship to ore.

Many mineral deposits models, such as the Porphyry Cu model, have element zonation patterns that are well-documented and characteristic of the model, but require a multi-element approach to identify. DRIVER uses a combination of geostatistical methods and spatial statistics to create hundreds of realizations of any input drilling data set. It then searches all these realizations for zones of high and/or low values which match documented zonation around known deposits, which therefore may be useful exploration vectors for the user to investigate. DRIVER provides a user-friendly interface for human evaluation of the relationships between the different zones flagged by DRIVER as potentially important.

Geohazards (formerly HazardMatch™)

Geohazards need to be better understood so that risk can be accurately assessed and mitigation measures put in place. Geohazards maps are increasingly being developed based on reasoning from features identified in LIDAR (Light Detection and Ranging) and other remote sensing data. Minerva is developing AI based solutions which reason with complex technical data sets – seeking solutions for geohazards such as landslides, floods and wildfires. The Software, which adheres to data and terminology standards for auditing and explainability purposes, is ideally suited to geohazard mapping.

Geohazards was demonstrated at the European Geosciences Union (EGU) General Assembly in Vienna in April 2019 raising interest in both academic and industry sectors.

Minerva has already successfully produced landslide susceptibility maps, which provided reliable results in British Columbia.

Minerva's Landslide AI-SaaS product will be a version of the Geohazards system which incorporates real-time and short-term historical information, such as rainfall, which can affect the scale of a hazard. Minerva's landslide hazard mapping capabilities are demonstrated in the Sea to Sky hazards website.

(https://www.minervageohazards.com/).

Minerva also intends to develop a Flooding AI-SaaS product, which will be an Internet-based flash flood hazard mapping system which incorporates short-term historical and predicted rainfall information, as well as real-time surface-topography-change information, if available.

Awards

On October 30, 2019, the Company announced that Minerva had won the *INSPIRE Helsinki 2019 Data Challenge*.

INSPIRE is a European Union Directive that creates a standardized spatial data infrastructure for the purposes of EU environmental policies. Each year an INSPIRE Conference is held to provide a forum for stakeholders from government, academia and industry, with the conference being held on October 22-24th this year in Helsinki, Finland. The conference highlights innovative practical uses of spatial data in such domains as the sea, weather and cities.

Minerva's *"Landslide Application for Veneto, Italy"*, entered under the "Let's make the most out of INSPIRE" category, was the overall winner of the Challenge.

The full results of the challenge can be viewed at https://challenge.inspire-helsinki-2019.fi Minerva's winning entry can be viewed at: www.italy.minervageohazards.com

INSPIRE is the legislated standardization of mapping data within the EU pertaining to 34 spatial themes with each theme having multiple specified "code lists" of words which are permitted for use. Many of these "code lists" are complex and hierarchical. All future spatial data provided by public agencies in Europe will be INSPIRE-compliant.

Standardized vocabularies incorporate complex hierarchies which require sophisticated semantic reasoning to yield useful results when the maps are used to achieve various industrial and social objectives. Three of the more complex taxonomies embedded in the INSPIRE standards relate to geology, with which Minerva is already very familiar, and to land use and land cover, which Minerva has already begun embedding into its taxonomic reasoning system.

Minerva is well positioned to compete in this market because its technology is tightly-aligned, for auditing and explainability purposes, with adhering to data and terminology standards. Minerva is working with a number of the INSPIRE committees responsible for creating the standards for the data and is contributing to its improvement by identifying problems in the standards when the data is of insufficient quality for use with Minerva's technology.

Future Applications

One of the key elements of Minerva's AI Software is the powerful logical structure it applies to the terms with which it reasons, incorporating, when appropriate, taxonomies defined strictly according to the Aristotelian principles described in two books on AI co-authored by Professor David Poole, Minerva's Chief Software Architect and Alan Mackworth, the Chair of the board of directors. Without reference to such taxonomies, it is very difficult to engineer AI applications which emulate intelligent reasoning as it would be carried out by a human expert. Minerva believes that its unique taxonomically-empowered approach to cognitive computing will enable it to enter markets which require an appropriate AI framework applied to complex knowledge and data.

Consequently, Minerva plans to develop future applications. The development of additional products is dependent on establishing a market opportunity, finding appropriate partners, and obtaining any specific resources required in the specific market. While management intends to explore any reasonable opportunity, there is no assurance that additional products will be successfully developed and marketed.

Operations

Minerva conducts its operations using a combination of full and part-time employees, supplemented by independent contractors where additional part-time, short term, or specialized services are required. As of September 30, 2019, the Company had 14 employees, and 15 employees as of the date of this report. An additional six individuals or companies are regular consultants to the Company, providing services as required.

The R & D development team is based at the Company's principal operating office in Vancouver, British Columbia.

Marketing Plans and Strategies

Minerva intends to generate new leads, progress sales opportunities and build brand awareness through our marketing programs.

The Company's products are intended to be sold worldwide primarily through direct sales rather than using third-party resellers. The market sales model includes an inside sales team that prequalifies marketing leads and generates new opportunities for a direct sales team. Educating consumers about the advantages of Minerva's products is a primary objective.

Minerva plans to establish a market presence via direct marketing, conference attendance, industry publications, advertising, etc. Minerva intends to expand its network and establish strategic relationships that are mutually beneficial which will also allow Minerva to expand by future acquisition and/or partnership opportunities, including new technologies that may complement its Business. Minerva currently markets its services primarily through trade booths at conferences, and by maintaining a profile in industry journals. Minerva intends to expand its marketing/business development team as it completes development of new products. The Company has established an office in Germany to assist with its marketing efforts in Europe.

Intellectual Property

In accordance with industry practice, Minerva protects its proprietary rights through a combination of copyright, trade-mark, trade secret laws and contractual provisions. The source code for its Software is protected under Canadian and applicable international copyright laws. Minerva intends to license its Software pursuant to agreements that impose restrictions on customers' ability to use the technology, such as prohibiting reverse engineering, limiting the use of software copies and restricting access and use of source code. Minerva also seeks to avoid disclosure of intellectual property and proprietary information by requiring employees and consultants to execute non-disclosure and assignment of intellectual property agreements. Such agreements require employees and consultants to assign to Minerva all intellectual property developed in the course of their employment or engagement. Minerva also utilizes non-disclosure agreements to govern interaction with business partners and prospective business partners and other relationships where disclosure of proprietary information may be necessary.

Significant Acquisitions and Dispositions

During the period ended December 31, 2017, Minerva Canada purchased certain software for $123,490 (USD$100,000), and during the year ended December 31, 2018 capitalized a further $270,155 of salaries, wages and consulting fees related to research and development work and re-engineering the software (2017: $53,627). During the nine-month period ended September 30, 2019, there were no amounts capitalized.

The Company reviews the intangible assets for amortization and impairment each reporting period. During the year ended December 31, 2018 the Company commenced using the assets with its clients on a limited basis while continuing to enhance the software. Accordingly, the Company is amortizing the software over a period of five years, and recognized $22,364 (Year to date: $67,091) (2018: $22,364) of amortization.

Results of Operations

As Historical Minerva was incorporated on May 17, 2017, only certain comparative quarterly results were prepared as the Company was a non-reporting issuer. The following table summarizes selected financial information of the Company for the periods available.

	Fiscal 2019			**Fiscal 2018**
	9/30/2019	**6/30/2019**	**3/31/2019**	**12/31/2018**
	Q3	**Q2**	**Q1**	**Q4**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	$	$	$	$
Revenue	-	32,000	140,600	7,750
Operating expenses	(708,255)	(728,381)	(701,469)	(964,743)
Other items	67,775	(972,017)	(148,196)	426,782
Net Income (Loss)	(640,480)	(1,668,398)	(709,065)	(530,211)
Current Assets	4,886,906	5,439,535	6,017,256	6,684,578
Total Assets	5,418,532	6,008,873	6,619,372	7,139,270
Total Liabilities	286,715	233,437	284,358	110,343
Shareholders' Equity	5,418,532	5,775,436	6,335,014	7,028,927

	Fiscal 2018		
	9/30/2018	**6/30/2018**	**3/31/2018**
	Q3	**Q2**	**Q1**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	$	$	$
Revenue	20,000	-	-
Operating expenses	(326,906)	(361,219)	(199,693)
Other items	(114,805)	103,861	25,077
Net Income (Loss)	(421,711)	(257,358)	(174,616)
Current Assets	6,905,443	5,238,987	1,081,202
Total Assets	7,379,307	5,604,558	1,338,099
Total Liabilities	106,395	123,178	90,462
Shareholders' Equity	7,272,912	5,481,380	1,247,637

Results for the three and nine-month period ended September 30, 2019

During the three and nine-month periods ended September 30, 2019, the Company recorded revenue of $nil (Year to date: $172,600) reflecting the timing of the completion of contracts (September 30, 2018; $20,000). Expenses from operations were $708,255 (YTD: $2,144,106) (2018: $326,906 and $887,818, respectively), and the comprehensive loss for the period was $640,480 (YTD: $3,023,944) (2018: $421,711 and $853,685, respectively. The comparative results for the period ended September 30, 2018 reflect the early start-up operations of the Company at that time prior to significant increases in staffing, for example.

The growth in expenses in the first nine months of 2019 continues to reflect the addition of staff and consultants during the period, as the Company has accelerated its work on additional projects and product and market development. Management expects expenses to increase in future quarters, albeit at a reduced rate, as additional employees are added to further the Company's products and activities.

The most significant elements of the Company's expenses are:

- Advertising and promotion of $8,068 (YTD: $83,094) (2018: $24,004) reflect increased amounts being spent on the promotion of the Company and its products to potential customers and investors, as well as certain investor relations activities conducted by the Company as a result of the QT;
- Amortization of $39,744 (YTD: $118,522) (2018: $2,765 and $8,199) reflects the amortization of computer equipment and furniture acquired, and the amortization of intangible assets in the period of $22,364 (YTD: $67,091) (2018: $nil). A further significant addition is the amortization of the right to use asset of $13,137 (YTD: $39,411) (2018: $nil);
- Administrative and general expenses of $41,667 (YTD: $100,481 (2018: $12,273 and $73,001) reflect the growing operations of the Company, and include the cost of general office operations, including primarily rent in Q1 through Q3 2018. In 2019, with the transition to the right of use asset, the largest expense of office occupancy costs reflects only a portion of the cost of office space as the balance of the occupancy costs are reflected in amortization above and interest expense below. The balance of the expenses in Q1 through Q3 2019 reflect the cost of diverse items such as insurance, internet and telephone and other general office expenses;
- Directors fees of $22,500 ($30,000) (2018: $nil) are paid to independent directors subsequent to the QT, as a result of the Compensation Committee and the Board of Directors establishing independent directors and committee chairs a fee of $3,000 and $4,500 per month respectively for their contributions to the Company;
- Outsourced services expense of $nil (YTD: $64,578) (2018: $nil) consists of the cost of third-party service providers which were specifically hired to prepare code or project components based on their expertise;
- Professional fees were $158,049 (YTD: $631,281) (2018: $149,398 and $420,913) consisting of legal, accounting, consulting and contractor expenses. $153,753 (2018: $111,330) of consulting fees related to the Company's activities with respect becoming a public company, while $477,528 (2018 $309,583) of consulting expenses were incurred to advance the projects and products of the Company;
- Research and Development of $6,000 (YTD: $12,000) was incurred in 2018.
- Salaries and wages of $348,088 (YTD: $889,090) (2018: $57,782 and $144,497) reflects the relative number of employees and the direct cost of employees of the Company, and illustrate the effective growth of the operations of the Company over the last year;
- Share-based compensation of $2,863 (YTD: $33,333) (2018: $21,212 and $12,626) resulted from the timing of vesting of previously issued options;
- Software application subscriptions of $44,438 (YTD: $70,744) (2018: $19,600 and $22,894) reflect the cost and timing of renewals of licensed software used by the Company in the development of products as well as the relative number of employees using software in the Company's operations;

- Transfer agent and filing fees of $6,086 (YTD: $6,756) (2018: $nil) are incurred as a result of administering the share register and shareholder services generally for the Company. Additional regulatory fees of $198 (YTD: $651) (2018 $6,000) are as a result of filings made to regulatory bodies;
- Travel of $36,554 (YTD: $109,576 (2018: $33,872 and $63,684) was incurred to meet with clients, potential funders and strategic partners, and to attend trade shows in Canada and Europe to promote the products of the Company;
- A foreign exchange gain of $47,321 (YTD: loss of $220,114) (2018: a loss of $114,905 and a gain of $14,033) was recognized during the period reflecting the volatility of the US dollar funds held by the Company. The conversion rate for the US dollar relative to the Canadian dollar peaked with the respect to the December 31, 2018 financials of the Company, and has declined for most of the year to date, with a slight uptick at the current quarter end. Future results will be subject to fluctuation based on balances held and converted to Canadian funds;
- Interest income of $21,037 (YTD: $26,112) (2018; $100) was recorded due to investments in US dollar denominated term deposits;
- Interest expense of $583 (YTD: 1,750) (2018: $nil) was incurred with respect to the lease liability discussed above; and
- A listing expense of $856,686 was recorded during the nine-month period (2018: nil) as a result of the completion of the QT, and is a one-time occurrence. There may be additional expenses related to future inter-listings on other stock exchanges in future periods, however management expects that any such additional expenses would be significantly lower as there would not be any asset acquisition involved. The expense reflects the following:

Fair value of shares issued for net assets	$ 790,500
Fair value of shares issued for finder's fee	255,000
Revaluation of options outstanding at acquisition	48,000
Net assets Acquired	(236,814)
Listing Expense recognized at acquisition	$ 856,686

Generally, the above expenses were higher in the nine-month period ended September 30, 2019 compared to the comparable period in 2018 due to the expansion of product development activities, operations and staffing levels.

Selected Annual Information

As Historical Minerva was incorporated on May 17, 2017, only two years of comparative annual financial results are available.

	Year ended 12/31/2018 (Audited)	**Period from Incorporation to the Year end 12/31/2017 (Audited)**
	$	$
Revenue	27,750	-
Operating expenses	(1,491,342)	(408,813)
Other items	337,054	(21,798)
Net Income (Loss)	(1,126,538)	(430,611)
Current Assets	6,684,578	1,213,837
Total Assets	7,139,270	1,416,332
Total Liabilities	110,343	39,532
Shareholders' Equity	7,028,927	1,376,800

Financing Activities

During the nine-month period ended September 30, 2019, the Company completed an amalgamation which resulted in the following share transactions:

- 6,200,000 outstanding common shares were consolidated on a two-for-one basis, resulting in 3,100,000 shares outstanding;
- 38,575,005 post-consolidated common shares were issued in exchange for all of the outstanding shares of Minerva at a price of $0.255 per common share; and
- 1,000,000 post-consolidated common shares were issued at a price of $0.255 as a finder's fee.

As of September 30, 2019, the Company had 42,675,005 shares issued and outstanding. A total of 11,490,003 common shares were subject to escrow restrictions, including 990,000 originally issued the Two Owls' principals upon listing the Company as a CPC, and 10,500,003 shares issued to new principals and others in connection with the amalgamation.

Subsequent to the period end, on November 6, 2019, the Company obtained regulatory approval of and closed a non-brokered private placement of two million shares at $0.075 per share to raise $150,000. Mr. Scott Tillman, the CEO of the Company, is the sole subscriber to the placement. No finder's fees were paid in connection with this placement. The common shares are subject to a four month hold period from the period of issuance.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the nine-month period ended September 30, 2019 resulted in a cash decrease of $1,818,300 (year ended December 31, 2018 a cash increase of $5,421,057). As at September 30, 2019, the Company's cash balance was $4,777,608 (December 31, 2018 $6,595,908), and the Company had working capital of $4,668,044 (December 31, 2018: $6,574,235).

During the nine-month period ended September 30, 2019 and for the year ended December 31, 2018, the Company paid $15,979 to acquire equipment (December 31, 2018 $15,497).

During the year ended December 31, 2018, $270,155 was recognized as capitalized expenses related to the development of intangible assets. There were no similar capitalized expenses in 2019.

During the nine-month period ended September 30, 2019 the Company capitalized $179,479 as a right to use asset with respect to its leased premises. The balance after amortization as of September 30, 2019 was $140,068. There were no comparable amounts in 2018.

No other capital expenditures were incurred.

Transactions with Related Parties

Key management personnel

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. The remuneration of key management personnel during the periods ended September 30, 2019 and 2018 was as follows:

	Three-month period ended		**Nine-month period ended**	
	September 30, 2019	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**
Salaries and wages - expensed	$ 1,287	$ -	$ 104,245	$ -
Professional fees - expensed	18,000	44,441	51,000	107,372
Professional fees - capitalized	-	12,789	-	52,044
Share-based compensation	2,861	-	33,333	-
	$ 22,148	$ 57,230	$ 188,578	$ 159,416

Salaries and wages – capitalized consists of amounts capitalized to intangible asset development.

As at September 30, 2019 and December 31, 2018 accounts payable and accrued liabilities included:

- S20,833 (December 31, 2018 - $nil) owed to Scott Tillman, a director of the Company. See Note 13;
- $6,000 (December 31, 2018 - $3,000) owing to David Poole, Chief Software Architect of the Company;
- $11,907 (December 31, 2018 - $10,658) owing to Codeplan Consulting Corp., a company controlled by Chris Ahern, the Chief Operating Officer of the Company;
- $nil (December 31, 2018 - $5,130) owing to Newgrange Professional Corporation, a company controlled by Michael Campbell, a former director of the Company for professional services; and
- $nil (December 31, 2018 - $16,950) owing to Griffis International Ltd., a company controlled by Tom Griffis, the former Chairman of the Company.

Other related parties

Other related parties include companies controlled by key management personnel. The remuneration of other related parties during the periods ended September 30, 2019 and December 31, 2018 was as follows:

	Three-month period ended		Nine-month period ended	
	September 30, 2019	**September 30, 2018**	**September 30, 2019**	**September 30, 2018**
Directors fees	$ 22,500	$ -	$ 30,000	$ -
Professional fees - expensed	50,290	-	199,510	-
Share-based compensation	-	-	14,323	-
General and administrative	-	-	-	-
	$ 72,790	$ -	$ 243,833	$ -

Professional fees – capitalized consists of amounts capitalized to intangible asset development.

As at September 30, 2019 accounts payable and accrued liabilities included $7,500 (December 31, 2018 - $32,738) owing to other related parties. Amounts due to related parties, including amounts due to key management personnel, at September 30, 2019 are unsecured and interest free.

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Critical Accounting Estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses and gains or losses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities and expenses, gains and losses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions.

Estimates and assumptions that have the most significant effect on the amounts recognized in these financial statements include:

Deferred tax assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Economic recoverability and probability of future economic benefits of intangible assets and amortization

Management has determined that intangible asset costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including anticipated cash flows and estimated economic life. The amortization expense related to intangible assets will be determined using estimates relating to the useful life of the intangible assets. The assets are not yet in use and therefore no amortization has been taken to date.

Judgments that have the most significant effect on the amounts recognized in these financial statements include:

Determination of functional currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determine the primary economic environment.

Capitalization and expensing of R&D on intangible assets

Intangible assets consist of costs incurred to acquire and develop the Company's software to earn revenue with respect to the Company's business operations. Development costs are capitalized in accordance with International Accounting Standard ("IAS") 38, Intangible Assets, and accordingly are recognized when the Company can demonstrate (i) the technical feasibility of completing the asset, (ii) the intention to complete and use or sell the asset, (iii) the ability to use or sell the asset, (iv) how the asset will generate probable future economic benefits, (v) the availability of adequate technical, financial and other resources to complete the platform development and to use or sell the asset, and (vi) ability to reliably measure the expenditure attributable to the asset during its development. Costs that do not meet these criteria are considered research costs and are expensed as incurred. Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The Company reviews the intangible assets for amortization and impairment each reporting period. During the year ended December 31, 2018 the Company commenced using the assets with its clients. Accordingly, the Company is now amortizing the software over its expected life of five years.

Changes in Accounting Policies

Except as described below, the accounting policies applied in these unaudited condensed interim financial statements are the same as those applied in the Company's annual audited financial statements for the year ended December 31, 2018. The reader is referred to those notes for a detailed discussion of the Company's accounting policies.

IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16, Leases, which specifies how to recognize, measure, present and disclose leases. The standard introduces a single lessee accounting model and requires a lessee to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The right-of-use asset is measured based on the initial amount of the lease liability adjusted for any initial direct costs incurred, less any lease incentives received. The right-of-use assets are subsequently amortized from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term using the straight-line method. The lease term includes consideration of an option to renew or to terminate if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset may be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising mainly from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, renewal or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

On October 16, 2018, the Company renewed the lease on its head office, consolidating two prior leases which were to expire on October 31, 2018 and January 31, 2019, respectively. On March 4, 2019 the Company added an addendum to the lease for another contiguous office space with an effective date of July 1, 2019.

For the purposes of IFRS 16, the Company determined, using a modified retrospective approach, that January 1, 2019 was the appropriate commencement date. The term of the lease is for 37 months from January 1, 2019. A discount rate of 5% was applied, being the interest rate specified in the lease for certain payments. Certain security deposits previously recorded as prepaid expenses were reclassified to the right-of-use asset. See Note 6.

Under IAS 17, Leases ("IAS 17"), the Company recognized its lease on its head office as an operating lease. Operating lease payments were recognized in net loss on a straight-line basis over the lease term. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

The Company has adopted IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers) in the 2018, however adoption did not have any impact on the financial statements for the period ended December 31, 2017 and 2018.

Financial Instruments

The Company is exposed to various financial risks resulting from its operations. The Company's management manages financial risks. The Company does not enter into financial instruments agreements, including derivative financial instruments for speculative purposes. The Company's main financial risk exposures and its financial policies are as follows:

a) Credit risk

   Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and accounts receivable are exposed to credit risk, with the carrying values being the Company's maximum exposure. The Company's cash consists of deposit accounts with chartered banks. The Company's accounts receivable consist of contract payments due from governments and companies, with the carrying values also being the Company's maximum exposure. Management believes the Company's exposure to credit risk is not significant.

b) Liquidity risk

   Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the statement of financial position date. The Company seeks to ensure that it has sufficient capital to meet short term financial obligations after taking into account its operating obligations and cash on hand.

c) Market risk

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

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company maintains certain cash balances in term deposits which renew periodically, and which rates reflect the market at the time of renewal. Management believes that the interest rate risk on these investments is nominal. The Company is not exposed to any other significant interest rate risk a, aside from the term deposits noted, cash comprised bank balances as of September 30, 2019 and December 31, 2018.

ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign exchange risk as it engages in transactions in other foreign currencies, from time to time. As at September 30, 2019, the Company held US cash of $3,436,670 (December 31, 2018: $4,804,051), converted to CAD at a rate of 1.3243 (December 31, 2018: 1.3642). A 10% change in the foreign exchange rate would have an impact on profit or loss of $343,667 (December 31, 2018: $480,405).

iii) Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company does not have any financial instruments which are exposed to this risk.

Outstanding Share Data

As at September 30, 2019, the following table summarizes the outstanding share capital of the Company:

	September 30, 2019	**Report Date**
Common Shares	42,675,005	44,675,005
Stock Options	2,042,500	2,042,500
Total, Fully Diluted	**44,717,505**	**46,717,505**

Subsequent to the period end, on November 1, 2019, the Company announced a non-brokered private placement of two million shares at 7.5 cents per share to raise $150,000.

Risks and Uncertainties

An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the Company and its business, the Reader should carefully consider the following risk factors in addition to the other information contained in this management discussion and analysis. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

Business Model

The industry in which the Company operates is characterized by rapidly-changing Internet media, evolving industry conditions and standards, and changing user and client demands. Any evaluation of the Company's business and its prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in an evolving industry.

Some of these risks and uncertainties relate to the Company's ability to maintain and expand client relationships and respond effectively to competition and potential negative effects of competition on profit margins. If the Company is unable to address these risks, its business, results of operations and prospects could suffer.

Technological Change

The Company operates in business segments that are entirely dependent on technology. As such, technological change will impact the ability of the Company to expand and grow its business and will also affect the costs and expenses incurred by the Company, including capital requirements. The artificial intelligence market continues to experience rapid technological change. There is a risk that new technologies and standards may render the Company's software applications obsolete. The Company may be required to invest significant capital in new technology and software development to remain competitive. Failure to do so may adversely affect demand for the Company's products and services.

Significant future capital requirements, future financing risk and dilution

No assurances can be provided that the Company's financial resources will be sufficient for its future needs. Revenues from current operations are insufficient to meet the Company's expected capital requirements. As such, the Company may be required to undertake future financings which may be in the form of a sale of equity or debt secured by assets. No assurances can be made that the Company will be able to complete any financing arrangements or that the Company will be able to obtain the capital that it requires. In addition, the Company cannot provide any assurances that any future financings will be obtained on terms that are commercially favourable to the Company.

Any such sale of Company shares, or other securities will lead to further dilution of the equity ownership of existing shareholders. Additionally, options and warrants or other conversion rights issued or granted by the Company may adversely affect future equity offerings, and the exercise of those options and warrants may have an adverse effect on the value of the Company shares. If any such options, warrants or conversion rights are exercised at a price below the then current market price, if any, then (i) the market price of the Company shares could decrease, and (ii) shareholders may experience dilution of his or her investment. The issuance of Company shares in the future will result in a reduction of the book value and market price of the then outstanding Company shares. If any such additional Company shares are issued such issuances will result in a reduction in the proportionate ownership and voting power of all current shareholders. Further, such issuance may result in a change of control of the Company.

A prolonged decline in the price of the Company shares could result in a reduction in the liquidity of the Company shares and a reduction in the Company's ability to raise capital. As a significant portion of the Company's operations will probably be financed through the sale of equity securities a decline in the price of the Company shares could be especially detrimental to liquidity.

Share price volatility and liquidity

There is a limited market for the Company's shares, and the trading price may increase or decrease in response to a number of events and factors, both known and unknown. In addition, the market price of the Company shares will be affected by many variables not directly related to the Company's success and will therefore not be within the Company's control, including other developments that affect the market for all software and/or AI sector securities, the breadth of the public market for the common shares, and the attractiveness of alternative investments. The effect of these and other factors could cause the Company's share price to be volatile in the future.

The market price for the Company shares may also be affected by the Company's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Company shares.

Regulatory requirements

The Company may be affected in varying degrees by government policies and regulations. Changes in government, regulations and policies and practices, beyond the control of the Company, could have an adverse impact on its future cash flows, earnings, results of operations and financial condition.

Limited Operating History

Minerva is in the early stage of development and has a limited history of operations in the AI sector. The Company will be subject to many risks common to start-up enterprises and its viability must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of development in new and rapidly evolving markets such as the AI industry. This includes under-capitalization, cash shortages, limitations with respect to personnel, lack of revenues and financial and other resources. There is no assurance that the Company will develop its business profitably, and the likelihood of success of the Company must be considered in light of its early stage of operations. There is no assurance that the Company will be successful in achieving a return on shareholders' investment.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that the Company has made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company anticipates it may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the levels of operating expenses associated with this growth.

Negative cash flow and absence of profits

Minerva has not earned any profits to date and there is no assurance that it will earn any profits in the future, or that profitability, if achieved, will be sustained. The success of the Company will ultimately depend on its ability to generate revenues from operations. There is no assurance that any future revenues will be sufficient to generate the required funds to develop the Company's business.

Protection of intellectual property rights

The future success of the Company's business will be dependent upon the intellectual property rights surrounding certain technology held by Minerva, including trade secrets, know-how and technological innovation. The Company's failure to protect its intellectual property could harm its ability to compete effectively. The Company is highly dependent on its ability to protect its proprietary technology. It intends to protect its rights vigorously; however, there can be no assurance that these measures will, in all cases, be successful. Enforcement of its intellectual property rights may be difficult. Also, competitors could independently develop technologies that are perceived to be substantially equivalent or superior to the Company's technologies. The Company may be subject to claims of intellectual property infringement. Other companies may claim that Minerva infringes their intellectual property, which could materially increase costs and materially harm the Company's ability to generate future revenue and profits. Although the Company does not believe that its products infringe on the rights of third parties, third parties may assert infringement claims against it in the future. Although most of Minerva's technology is proprietary in nature, it does rely to a limited extent on third party software.

Reliance on computer systems

The Company's information technology and internal infrastructure is susceptible to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Significant disruption to the availability of information technology and internal infrastructure could cause delays in research and development work. The Company would incur liability and development of products would be delayed if any disruption or security breach were to result in a loss of, or damage to, the Company's data. Additionally, the Company may rely on cloud service providers. Any outages or changes related to these cloud services and service providers may cause disruption to development and services at the Company.

Product liability exposure

The Company faces an inherent business risk of exposure to product liability and other claims in the event that the development or use of its technology or prospective products is alleged to have resulted in adverse effects. While the Company has taken, and will continue to take, what it believes are appropriate precautions, there can be no assurance that it will avoid significant liability exposure. A product liability claim could have a material adverse effect on the Company's business, financial condition and results of operations.

Management experience and dependence on key personnel and employees

The Company's success is currently largely dependent on the performance of the Company's directors and officers. The experience of these individuals is a factor which will contribute to the Company's continued success and growth. The Company will initially be relying on its board members and executive officers, as well as independent consultants and advisors, for most aspects of its business. The amount of time and expertise expended on the Company's affairs by each of the Company's management team and the Company's directors will vary according to the Company's needs. The loss of any of these individuals could have a material detrimental impact on the Company's business. The Company does not intend to acquire any key man insurance policies and there is, therefore, a risk that the death or departure of any key member of management, a director, or employee or consultant, could have a material adverse effect on the Company's business, operations and financial condition. Investors who are not prepared to rely on the Company's management team should not invest in the Company's securities.

The management of the Company has limited history of past performance in managing a software and AI company, and the past performances of management in other positions are no indication of their ability to successfully manage the Company. If the experience of management is inadequate or unsuitable to manage the Company, the operations of the Company may be adversely affected.

Competition

The Company will face competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company. There are other entities investing in the AI technology space and the Company expects this sector to grow. These companies may have an advantage and may have developed a more efficient operational or investment model. The Company may not have sufficient resources to continue on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Company.

To remain competitive, the Company will continue to invest in software development. Should competitors introduce new services/software embodying new technologies, the Company's technology may become obsolete and require substantial resources to compete successfully in the market for software and technology services.

Exchange Rate

The reporting and functional currency of the Company is the Canadian Dollar. A significant portion of the Company's anticipated future revenues and expenses may be in foreign currencies, such as the United States Dollar or the Euro. Future fluctuations in the value of the Canadian Dollar relative to these currencies will likely have a material impact on the Company's overall financial results. Appreciation of the Canadian dollar will potentially affect revenues and expenses.

Conflicts of interest

Certain of the Company's directors and officers are, and may continue to be, involved in the AI industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers may conflict with the Company's interests. Directors and officers of the Company with conflicts of interest will be subject to and must follow the procedures set out in applicable corporate and securities legislation, regulations, rules and policies.

Employee recruitment

Recruiting and retaining qualified personnel is critical to the success of the Company. The number of persons skilled in software development (and AI in particular) and marketing is limited and competition for such persons is intense. As the Company's business activity grows, the Company will require additional key executive, technical, operational, and administrative personnel. There can be no assurance that the Company will be successful in attracting, training and retaining qualified personnel. If the Company is not successful in attracting and training qualified personnel, the efficiency of its operations could be affected, which could have a material adverse effect on the Company's results of operations and profitability.

Uninsured or uninsurable risks

The Company intends to insure its operations in accordance with technology industry practice. However, given the novelty of the proposed business, such insurance may not be available, uneconomical for the Company, or the nature or level may be insufficient to provide adequate insurance cover. The Company may become subject to liability for hazards against which the Company cannot insure or against which the Company may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce or eliminate the funds available for operations. Payments of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's results of operations and financial position.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the common shares and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant resources. Litigation may also create a negative perception of the Company's brand.

OUR APPLICATIONS

The Intelligence in Minerva

TARGET

KNOWLEDGE CAPTURE

ACE

DRIVER

DB CONVERTER

REASONER

LEO

LEO PRO

GEOHAZARDS

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