

LIONS BAY CAPITAL INC.

Management's Discussion and Analysis

Year ended – May 31, 2025

(Expressed in Canadian dollars, unless otherwise noted)

September 29, 2025

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Lions Bay Capital Inc. ("Lions Bay" or the "Company") together with its subsidiaries as of the date of this report, and is intended to supplement and complement the Company's audited consolidated financial statements for the year ended May 31, 2025. Readers are cautioned that this MD&A contains forward-looking statements and that actual events may vary from management's expectations. The Company's public disclosure documents are available on SEDAR at www.sedar.com. The consolidated financial statements and MD&A are presented in Canadian Dollars, except where noted, and have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion addresses matters we consider important for an understanding of our financial condition and results of operations as of and for the year ended May 31, 2025.

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended May 31, 2025 and May 31, 2024 are also referred to as "fiscal 2025" and "fiscal 2024", respectively. All amounts are presented in Canadian dollars, the Company's reporting and presentation currency, unless otherwise stated. Statements are subject to the risks and uncertainties identified in the "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Statements" sections of this document.

CORPORATE OVERVIEW

Overview

The Company's primary objective is to increase shareholder value through the identification of and investment in securities of primarily publicly listed and/or private corporations offering capital appreciation potential. Investments will be acquired and held for short-term gains or long-term capital appreciation, dependent upon the specific investment.

Going Concern

At May 31, 2025, the Company had working capital deficit of \$352,416 which includes investments with a fair market value of \$1,902,714 and cash of \$5,393.

The Company's ability to continue as a going concern is dependent upon the Company's ability to generate proceeds from its investments or obtaining investor financing to meet its on-going levels of corporate overhead and investment objectives. These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. In the past, the Company has been successful in obtaining financing, although there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Business Strategy

The Company's focus is on strategic stakes in companies in the resource and energy sectors.

Lions Bay has a current portfolio of investments that cover gold, energy, diamonds, rare earths, copper, tin and potash.

The investment portfolio comprises public trading shares in Kalina Power Limited (energy), Heavy Rare Earths Limited (rare earths), all listed on the Australian Securities Exchange. Further investments comprise public trading shares on the TSX-V, namely, Fidelity Minerals Corp. (gold and copper), Arctic Star (diamonds), warrants that are

listed and quoted on an exchange in addition to Bishop Resources which is a privately listed company. The Company also has an investment in Greensand Australia Pty Ltd (potash) included in its portfolio of investments.

The Company will focus on investments in growth resources not greenfield exploration and is targeting significant annual returns from management of its portfolio. This will be achieved in the following manner:

Invest in Quality Management

We recognize that the most important ingredient in building a successful company is management. Less than 10% of junior mining companies are successful. The skills required to find a mineral resource are different from those required to develop it and a different set of skills are required to operate. Understanding the complexities is vital to success. Lions Bay is not a passive investor and is prepared to intervene if necessary, to ensure appropriate management is in place with a plan that it can execute.

Identify New and Disruptive Technologies

We are in a rapidly changing world with new technologies having profound impacts on metal and energy trends. The electric car is here and fossil fuels are under pressure. The power grid as we know it is changing and renewables are here. The emphasis on battery metals and light weight stronger alloys has just begun. Lions Bay is active across this space. Its investment in Elementos is focused on this area while our strategic shareholding in Kalina provides access to an experienced team of power industry professionals.

Restructuring of Undervalued Assets

There are many instances in the resource and related technology areas where companies simply run out of capital and the market has lost faith in the ability of management to deliver. The resource underpinning the company is often proven but the funding and experience is not there to execute. These are ideal situations in which Lions Bay is interested in becoming the cornerstone underwriter for a new business plan.

Funding to Support New Discoveries

Lions Bay is not an exploration company but is alert to trends in the business that will influence commodity prices and hence may turn deposits previously uneconomic into commercial propositions. We are, however, risk averse and will tend to seed opportunities with a view to minimise any exploration risk.

HIGHLIGHTS – MAY 31, 2025

- As at May 31, 2025 and May 31, 2024, the Company's investments had the following cost and fair market value:

	Cost May 31 2025 \$	Fair Value May 31 2025 \$	Cost May 31 2024 \$	Fair Value May 31 2024 \$
Kalina Power Ltd (i)	1,600,382	319,681	1,936,026	395,385
Fidelity Minerals Corp (ii)	4,583,670	1,473,859	4,481,625	1,715,622
Heavy Rare Earth Limited (vi)	110,783	35,293	101,958	21,715
Arctic Star	16,000	3,000	16,000	5,000
Bishop Resources	75,073	70,881	75,073	72,571
Total	6,385,908	1,902,714	6,610,682	2,210,293

- During the year end May 31, 2025, the Company entered into an arm's length transaction and acquired an option to purchase a co-generation power plant in Kwazulu Natal, South Africa. The total purchase price of the plant is USD \$1,390,000 and the Company has already paid a deposit of USD \$65,000 (\$13,840 (USD \$10,000) paid in fiscal 2025 and \$74,873 (USD \$55,000) paid subsequent to May 31, 2025), which gives the Company a 6-month option to close the purchase by paying the remaining USD \$1,325,000. The option expires on November 22, 2025. The power plant produces both electricity and steam and had an original cost of USD \$19.4 million to build and commission (built in 2020) to supply steam and power to an adjacent chemical complex which became insolvent.
- Subsequent to May 31, 2025, on August 27, 2025, the Company completed a share consolidation on the basis of one (1) new share for every five (5) previously outstanding shares. All share and per share information has been retrospectively restated in these consolidated financial statements to reflect this share consolidation.
- Subsequent to May 31, 2025, on August 28, 2025, the Company completed a non-brokered private placement financing and issued a total of 6,875,000 units of the Company at a post consolidation price of \$0.10 per unit for aggregate gross proceeds of \$687,500. Each unit consists of one common share and one-half common share purchase warrant, with each full warrant being exercisable to purchase one common share at a price of \$0.20 expiring August 28, 2027.

- Subsequent to May 31, 2025, the Company closed an AUD \$285,000 convertible debenture (the "Debenture") private placement financing (the "Offering") with one arm's length investor (the "Debenture Holder").

The Debenture will bear interest at 18% per annum, calculated daily and paid at maturity which will be six (6) months from the date of issuance being December 10, 2025 (the "Maturity Date"). If the Debenture Holder elects to convert the loan per the terms below, the interest rate shall increase to 20% per annum, applied retrospectively. The Maturity Date may be extended by a further four (4) months by mutual agreement.

The Debenture Holder has the right, from time to time and at any time fourteen (14) days prior to the Maturity Date, to convert all or any portion of the outstanding principal amount of the Debenture ("Principal Amount") into:

- Common shares of Kalina Power Ltd. (held by Lions Bay) at AUD \$0.013 per share; or
- Common shares of Fidelity Minerals Corp. (held by Lions Bay) at CAD \$0.15; or
- Common shares of the Company, at a price of \$0.095 per common share post consolidation.

A fixed foreign exchange rate of CAD to AUD of 0.89 will apply to the conversion prices.

The Debenture is secured by the Company's holdings in KPO and FMN.

As part of the Offering, the Company has granted the Debenture Holder the irrevocable right to acquire:

- 20,000,000 of the Kalina Power common shares held by the Company at AUD \$0.013 per share; and
- 10,000,000 of the Fidelity Minerals Corp. common shares held by the Company at CAD \$0.15 per share.

These options vest immediately and remain exercisable throughout the loan term and any extensions. They shall survive full or early repayment of the Debenture.

The Debenture is subject to an arrangement fee of AUD \$25,000 which shall be paid within fourteen (14) days of the conclusion of the loan.

Subsequent to May 31, 2025, the Company repaid \$150,000 of the convertible debt.

- Subsequent to May 31, 2025, the Company advanced an additional \$88,878 to FMN increasing the related party loan.

SUMMARY OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)

	Year ended May 31,		
	2025	2024	2023
NET INVESTMENT GAIN/(LOSS)			
Net realized (loss) gain on disposal of marketable securities	\$ (366,814)	\$ 227,218	\$ 765,208
Net change in unrealized loss on marketable securities	(89,796)	(2,295,248)	(4,872,998)
Fair value gain on derivative financial instrument	(3,778)	(209,516)	(463,240)
Interest and other income	-	37,917	191,847
Impairment of exploration investments	-	-	(450,656)
Revaluation of debt investment	(1,842,078)	(65,478)	-
Modification gain	-	-	67,186
Gain (loss) on fair value change of Fidelity option	78,841	110,792	(55,187)
Equity pick-up loss	(30,752)	-	-
Impairment of exploration investment	(433,075)	-	-
Gain on sale of exploration assets	-	66,533	-
	(2,687,452)	(2,127,782)	(4,817,840)
EXPENSES			
Professional fees	(346,623)	(395,009)	(426,688)
Director's fees	(272,101)	(266,209)	(264,462)
Financing costs - interest	(60,100)	(21,925)	(43,768)
Financing costs - accretion	-	(75,143)	(123,459)
Foreign exchange (loss) gain	(13,277)	18,167	(3,284)
Gain on purchase of related party receivable	47,200	-	-
Other income	24,098	3,548	-
General and administration	(97,510)	(126,035)	(217,855)
LOSS BEFORE TAX	(3,405,765)	(2,990,388)	(5,897,356)
INCOME TAX RECOVERY (EXPENSE)	191,781	(126,336)	942,522
NET LOSS	(3,213,984)	(3,116,724)	(4,954,834)
OTHER COMPREHENSIVE (LOSS) INCOME	32,251	(12,266)	6,205
COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	\$ (3,181,733)	\$ (3,128,990)	\$ (4,948,629)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company	(2,986,393)	(3,120,650)	(4,951,773)
Non-controlling interest	(227,591)	3,926	(3,061)
	(3,213,984)	(3,116,724)	(4,954,834)
OTHER COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company	32,251	(12,266)	6,205
Non-controlling interest	-	-	-
	32,251	(12,266)	6,205
(Loss) Earnings Per Share - Basic and Diluted	\$ (0.11)	\$ (0.11)	\$ (0.17)
Weighted average number of shares outstanding – basic & diluted	28,421,171	28,421,171	28,421,171

Results from Operations for the Year Ended May 31, 2025 compared to May 31, 2024 and May 31, 2023

The net loss for the year ended May 31, 2025 was \$3.2 million or \$0.11 loss per share, compared to a loss of \$3.1 million, or \$0.11 loss per share in 2024 and net loss of \$5.0 million, or \$0.17 loss per share in 2023.

During the year ended May 31, 2025, the Company recorded a realized loss of \$0.3 million related to the sale of shares from the investment portfolio compared to a realized gain of \$0.2 million in 2024 and a realized gain of \$0.7 million in 2023. The Company recorded an unrealized loss of \$0.1 million on its investment portfolio in 2025 compared to an unrealized loss of \$2.2 million in 2024 and unrealized gain of \$4.8 million in 2023. The unrealized loss in the current period was triggered by the net impact of the change in fair value of the investment portfolio. In addition, the Company recorded a \$3K loss on derivative financial instruments in the current period related to decrease in fair value due to the decrease in stock price of the warrants held. The derivative loss was lower than the losses of \$0.2 million recorded in 2024 and \$0.4 million recorded in 2023. The Company had \$nil interest income in the current period which was lower compared to 2024 and 2023 as the Company impaired to \$nil their debt investments in the current year. In the current year, the Company recorded a revaluation loss on debt investment of \$1.8 million due to the fact that the Bosveld project has not yet started production and is yet to be funded in addition to the Company requesting and not receiving any documentation on the project which has lead to the Company commencing legal action against GnT. The Company work towards a resolution of the ongoing legal issues and recovery of this amount. In the current year the Company recorded an impairment on exploration investments of \$0.4 million due to the fact that Company abandoned the Epic tenements subsequent to year end. In the current year the Company recorded a \$31K loss on equity pick-up on Greensands and recorded a gain of \$47K on purchase of related party receivable. General and administrative expenses of \$97K were lower than the comparative years and decreased as a result of decreased corporate activity.

The Company recorded an income tax recovery during the year ended May 31, 2025 of \$0.2 million compared to expense of \$0.1 million in 2024 and recovery of \$0.9 million in 2023.

Consolidated quarterly loss – 8 quarters historic trend

	May 31, 2025	February 28, 2025	November 30, 2024	August 31, 2024	May 31, 2024	February 29, 2024	November 30, 2023	August 31, 2023
	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net realized gain and (loss)	\$ (323,103)	\$ (106,435)	\$ 62,724	\$ -	\$ (78,456)	\$ (133,299)	\$ (1,406)	\$ 440,379
Net unrealized gain and (loss)	(416,873)	(562,001)	936,934	(47,856)	35,597	(699,082)	(288,121)	(1,343,642)
Fair value gain (loss) on derivative instruments	-	(331)	(258)	(3,189)	(30,365)	(75,857)	(90,384)	(12,910)
Interest income	(8,525)	2,943	2,776	2,806	(176,722)	75,527	71,084	68,028
Total expenses	(382,645)	(86,299)	(62,405)	(186,964)	(405,926)	(128,937)	(206,426)	(121,317)
Profit (loss) after tax	(3,245,270)	(749,589)	982,965	(202,090)	(123,940)	(1,508,067)	(447,225)	(1,037,490)
Basic/Diluted earnings (loss) per share	(0.10)	(0.03)	0.03	(0.01)	(0.00)	(0.05)	(0.02)	(0.04)
Total assets	\$2,819,095	\$5,925,757	\$6,485,069	\$5,332,260	\$5,235,442	\$5,697,327	\$6,206,544	\$6,510,907

Three months ended May 31, 2025 vs. previous quarters

Net realized loss from investments was \$323K in the current quarter related to sales realized in the current period.

Net unrealized gains and losses fluctuate throughout the year dependent on the underlying investment’s price performance. There was a loss on derivative instruments recorded as there was a decrease in the share price of the warrants held.

Total cash expenses fluctuate with the changes in foreign exchange as the debt is denominated in USD which causes large foreign exchange fluctuations. The increase over the comparative periods is the result of increased corporate activity and higher interest and accretion expense in the current year along with increased professional and director’s fees in the current year.

Loss after tax was \$3.2 million in the current quarter which was a higher loss than all comparative quarters. The loss was the result of realized and unrealized losses on investments, in addition to one-time non cash impairments on the Company’s debt investments and exploration investments.

Earnings per shares fluctuates based on the net income/(loss) and the number of common shares outstanding.

Change in total assets

As at May 31, 2025, the Company had \$2.8 million in total assets which is lower than all comparative quarters. The lower total assets is the result of the decrease in investment portfolio fair value in the current period along with the impairments in debt and exploration investments.

LIQUIDITY AND CAPITAL RESOURCES

	Year Ended		
	May 31, 2025	May 31, 2024	May 31, 2023
Cash inflow (outflow) from operating activities	\$ (236,543)	\$ 594,617	\$ (102,268)
Cash inflow (outflow) from investing activities	-	-	-
Cash inflow (outflow) from financing activities	180,261	(603,733)	(417,139)
Effect of foreign exchange on cash	40,230	(36,484)	32,722
Net cash flows	(16,052)	(45,600)	(486,685)
Cash balance	\$ 5,393	\$ 21,445	\$ 67,045

As at May 31, 2025, the Company’s net working capital deficit was \$0.2 million (May 31, 2024 – working capital \$0.1 million, May 31, 2023 – working capital \$6.2 million). The decrease was mainly driven by the decrease in the fair value of investments.

The cash outflow from operating activities for the period ended May 31, 2025 was \$236,543, which was higher than the inflows in 2024 and outflows in 2023 due to a net sales in investments during the current year netted by outflows from investment purchases, exploration investments and debt investments made in the current year.

Cash outflow from financing activities of \$0.2 million which was higher than the outflows in 2024 and 2023 and due to additional proceeds from borrowing net of repayment in borrowings and related party advances in the current year.

The Company’s ability to continue as a going concern is dependent on the Company’s ability to raise funds and generate interest income.

SHAREHOLDERS' EQUITY

As at May 31, 2025, there were 28,421,171 common shares outstanding. As at the date of this report, there were 35,296,171 common shares and 3,437,500 warrants outstanding.

Subsequent to year end, on August 27, 2025, the Company completed a share consolidation on the basis of one (1) new share for every five (5) previously outstanding shares. All share and per share information has been retrospectively restated in these consolidated financial statements to reflect this share consolidation.

Subsequent to year end, on August 28, 2025, the Company completed a non-brokered private placement financing and issued a total of 6,875,000 units of the Company at a post consolidation price of \$0.10 per unit for aggregate gross proceeds of \$687,500. Each unit consists of one common share and one-half common share purchase warrant, with each full warrant being exercisable to purchase one common share at a price of \$0.20 expiring August 28, 2027.

The following table discloses the number of warrants outstanding as at the date of this report:

Outstanding warrants	Expiry Date	Exercise price
3,437,500	August 28, 2027	\$0.20
3,437,500		

REGULATORY DISCLOSURES

Off-Balance Sheet Arrangements

As at the date of this report, the Company did not have any off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions as at May 31, 2025 and the date of the report, other than as disclosed elsewhere in this document.

Related Party Transactions

The key management personnel of the Company are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including Directors and management.

During the year ended May 31, 2025, Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne, provided President and CEO services to the Company. During the year ended May 31, 2025 total fee charged was \$240,000 (2024 - \$240,000). Total amount accrued for Twenty-Second Yeneb Pty Limited as at May 31, 2025, which included fees and business expenses was \$395,435 (May 31, 2024 - \$151,817).

During the year ended May 31, 2025, a company controlled by Anthony Balic charged fees for CFO services of \$105,000 (2024 - \$105,000). As at May 31, 2025, the amount owed was \$234,853 (May 31, 2024 - \$91,875).

During the year ended May 31, 2025, a company controlled by Ryan Batros, a director of the Company, charged consulting fees of \$40,043 (2024 - \$nil). As at May 31, 2025, the amount owed was \$nil (May 31, 2024 - \$nil).

During the year ended May 31, 2025, the Company was charged directors fees of \$24,000 (2024 - \$24,000) by Ross MacLachlan. As at May 31, 2025, the Company had \$111,282 (2024 - \$86,178) payable to Ross.

During the year ended May 31, 2025, the Company was charged directors fees of \$8,000 (2024 - \$nil) by Patrick Power. As at May 31, 2025, the Company had \$4,800 (2024 - \$nil) payable to Ross.

During the year ended May 31, 2025, the Company was charged by Kalina Power Ltd. \$18,262 (2024 - \$37,211) for management services and \$5,763 (2024 - \$17,210) for rent. As at May 31, 2025 the Company had accounts payable of \$18,672 (2024 - \$93,460) outstanding to Kalina Power Ltd. which is considered a related party by virtue of a common director.

During the year ended May 31, 2025, the Company was charged by Heavy Rare Earths Limited \$nil (2024 - \$16,097) for rent. As at May 31, 2025 the Company had accounts payable of \$6,440 (2024 - \$4,489) outstanding to Heavy Rare Earths Limited which is considered a related party by virtue of a common director.

During the year ended May 31, 2025, Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne, advanced a loan of \$531,994 (AUD \$599,700) to the Company with interest payable at 10% compounded monthly. As at May 31, 2025, total loan and interest outstanding is \$845,301 (May 31, 2024 - \$270,933).

During the year ended May 31, 2025, the Company loaned Fidelity Minerals Corp. (“FMN”) \$298,754 (2024 - \$329,654), settled \$425,000 of the loan receivable for 8,500,000 FMN common shares (note 6) and purchased \$67,200 of FMN receivables for \$20,000 recognizing a gain on purchase of related party loan \$47,200 and reallocated \$70,000 from current other receivables to long-term related party loan. As at May 31, 2025, the total balance receivable from FMN was \$633,281 (2024 - \$622,327). The loan receivable is un-secured and non-interest bearing. FMN is considered a related party by virtue of a common executive and director. As the loan has no formal repayment terms the amount is classified as a long-term asset

Financial Instruments

The following tables summarize the valuation of the Company’s financial assets and liabilities reported at fair value by the fair value hierarchy levels:

As at May 31, 2025	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Investments	1,831,833	70,881	-	1,902,714
	1,831,833	70,881	-	1,902,714

As at May 31, 2024	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Investments	2,137,722	72,571	-	2,210,293
Derivative financial instrument	-	-	3,778	3,778
Debt investment	-	1,816,117	-	1,816,117
Liabilities				
Option on Fidelity shares	-	-	(78,841)	(78,841)
	2,137,722	1,888,688	(75,063)	3,951,347

Transfers between levels of the fair value hierarchy are deemed to have occurred at the date of the event or change in circumstance that caused the transfer. No transfers took place during the years ended May 31, 2025 and 2024.

Risk Associated with Financial Instruments

The Company's business activities expose to a variety of financial risks: market risk (which includes interest rate risk, currency risk, and price risk), credit risk and liquidity risk. The following is a description of these risks and how they are managed.

Market risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the Company will fluctuate because of changes in market prices. Market risk includes the risk of changes in the interest rates, currency exchange rates and changes in market prices due to factors other than interest rates or currency exchange rates, such changes in equity prices, commodity prices or credit spreads.

Interest rate risk

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include change in net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in value of financial instruments whose cash flows are fixed in nature.

As at May 31, 2025, if interest rates were higher by 1% per annum, the potential effect to the Company would change in net income (loss) of approximately \$8,453 (May 31, 2024: \$2,886).

Currency risk

Changes in currency rates will impact the carrying value of instruments denominated in currencies other than the Canadian dollar. As at May 31, 2025, the Company is primarily exposed to foreign exchange risk through Australian dollar denominated investments of \$425,855 (May 31, 2024: \$489,680), which represent approximately 22.4% (May 31, 2024: 22.2%) of total investments.

The Company does not currently hedge its foreign currency exposure. If the Canadian dollar strengthened or weakened by 5% in relation to the foreign currencies, the investments would decrease or increase in value by approximately \$21,293 respectively (May 31, 2024: \$24,484).

Price risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company's investments are susceptible to price risk arising from uncertainties about their future values. If the fair value for these financial assets were to increase or decrease by 10%, the Company would incur an associated increase or decrease in net gain of approximately \$190,271 (May 31, 2024: \$221,029).

The fair value of the Company's investments and derivative financial instruments are determined as follows:

Listed securities

The fair value of securities traded on active markets are based on quoted market prices at the close of trading on the reporting date. The Company uses the last traded market price where the last trade price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The fair value of securities that are subject to trading restrictions are recorded at a value that takes into account the length and nature of the restrictions.

Unlisted securities

For investments that are not publicly traded, subsequent to initial recognition, the fair value of these investments is determined by the Company using the most appropriate valuation methodology in light of the nature, facts and circumstances of the investment and its materiality in the context of the total investment portfolio.

For unlisted equity instruments:

- Investments are valued at cost for a limited period after the date of acquisition, if the purchase price remains representative of the fair value at the reporting date; otherwise, investments are valued using one of the other methodologies detailed below.
- Investments in which there has been recent or in-progress funding round involving significant financing from external investors are valued at the price of the recent funding, whereby the various shareholder categories rights are taken into account in the valuation. The price is adjusted, where appropriate, if an external investor is motivated by strategic considerations.
- Investments in which there has been a recent financing round involving only existing investor participating proportionally to their existing investment are examined as to whether specific conditions exist that could reduce the reliability of this financing round as an indication of real value. An internal financing with investors at a lower price than the valuation at the previous reporting date may indicated a decrease in value and is taken into consideration.
- Investments that have achieved an exit after the valuation date but before finalization of the financial statements are valued based on the exit valuation, if the exit valuation was reasonably evident at the measurement date.
- Investment in which there has been a recent private secondary market trade of meaningful volume and the transaction is undertaken by sophisticated, arm's length investor are valued at the price of the recent trade and are adjusted, as appropriated, if the purchaser is motivated by strategic considerations.
- Investments in early-stage companies not generating sustainable revenue or earnings and for which there has not been any recent independent funding are valued using alternative methodologies. The Company considers investee company performance relative to plan, going concern risk, continued funding availability, comparable peer group valuations, exit market conditions and general sector conditions and calibrates its valuation of each investment as appropriate.
- For public company warrants (i.e., the underlying security of which is traded on a recognized stock exchange), valuation models such as the Black-Scholes model are used when there are sufficient and reliable observable market inputs. These market inputs

include risk-free interest rate, exercise price, market price at date of valuation, expected dividend yield, expected life of the instrument and expected volatility of the underlying security. To the extent that the market inputs are insufficient or unreliable, the warrants are valued at their intrinsic value, which is equal to the higher of the closing price of the underlying security less the exercise price of the warrant, or nil. For private company warrants, the underlying security is not traded on a recognized stock exchange, therefore fair value is determined consistent with other investments that do not have an active market, as described above.

- As at May 31, 2025, the Company has an investment in the un-listed securities of Bishop Resources.

Fair values for unlisted debt instruments are determined as follows:

- Loans, debentures and promissory notes issued by investees are generally valued at the price at which the instrument was issued. The Company regularly considers whether any indications of deterioration in the value of the underlying business exist, which suggest that the debt instrument will not be fully recovered. The Company may employ discounted cash flow analysis, market comparable analysis, market comparable analysis of listed debt instruments with similar credit quality or liquidation value analysis to determine the fair value of the debt instrument.

The Company may apply a further illiquidity discount to the fair value of an investment if conditions exist that could make it challenging to monetize the investment in the near term at a price indicated by the valuation models. The amount of illiquidity discount applied requires considerable judgment and is based on the facts and circumstances of each investment.

Management of Capital

The Company's objectives in managing capital are to maintain a capital structure that allows the Company to meet its growth objectives and build long-term shareholder value, while satisfying its financial obligations and meeting its working capital needs.

The Company's capital consists of shareholder's equity. The Company's management is responsible for the management of capital. The Company's Board of Directors is responsible for reviewing and approving the Company's capital policy and management.

The Company continued to prudently manage its liquidity and capital and, where desirable, de-leveraged its statement of financial position.

The Company does not have any externally imposed capital requirements.

Material accounting policy information

Please refer to the audited annual consolidated financial statements for the year ended May 31, 2025 which was filed on SEDAR.

Risk and uncertainties

Overview

The Company manages risks on corporate investments through its approach to planning, setting of investment criteria, performance of due diligence on investment opportunities and oversight responsibilities with existing investee

companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. The Company seeks to mitigate company specific business risk by investing, where possible, in the highest ranked securities in the capital structure, so as to rank a head of the common shares of the issuer. The Company seeks to mitigate credit risk by investing, where possible, in senior debts securities and /or by limiting the amount of debt that may rank ahead of, or pari passu to, the securities being purchased.

The Company seeks to mitigate interest rate risk by investing relatively short duration convertible debentures and conventional debt – typically no longer than three years in term. The Company considers exposure to foreign currency assets as a hedge against the possible decrease in the value of the Canadian dollar

For further discussion of the additional risks and uncertainties which may have an impact on the Company, readers are referred to the Company's Filing Statement dated September 28, 2017 and other documents relating to the Company which can be found on the SEDAR website at www.sedar.com by searching under the Company's name.

The Company does not intend to pay dividends for the foreseeable future.

The Company has never declared or paid any cash dividends on the Company's common shares and does not intend to pay any cash dividends in the foreseeable future. The Company anticipates that it will retain all of its future earnings for use in the development of its business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the Company's board of directors. In addition, from time to time the Company may enter into agreements that restrict its ability to pay dividends.

The price of the Company's common shares may be volatile.

The trading price of the Company's common shares has been and may continue to be subject to material fluctuations and may increase or decrease in response to a number of events and factors, including: changes in the market price of hospitality management systems and number of market competitors offering same or similar products; current events affecting the economic situation and exchange rates in Canada, the United States, and internationally; changes in financial estimates and recommendations by securities analysts; acquisitions and financings; quarterly variations in operating results; the operating and share price performance of other companies that investors may deem comparable; the issuance of additional equity securities by the Company or the perception that such issuance may occur; and purchases or sales of blocks of the Company's common shares. Part of this volatility may also be attributable to the current state of the stock market, in which wide price swings are common. This volatility may adversely affect the price of the Company's common shares regardless of the Company's operating performance and could cause the market price of the Company's common shares to decline.

The Company may issue additional equity securities which may reduce the Company's earnings per share.

The Company has in the past issued and may continue to issue equity securities to finance its activities, including in order to finance working capital requirements, capital expenditures and acquisitions. If the Company issues additional common shares, a shareholder's percentage ownership of the Company will decrease, and they may experience dilution in the Company's earnings per share. Moreover, as the Company's intention to issue any additional equity securities becomes publicly known, the common share price may be materially and adversely affected.

Holder of the Company's common shares may experience dilution when outstanding options and warrants are exercised, or as a result of additional securities offerings.

There are a number of outstanding options and warrants pursuant to which additional common shares of the Company may be issued in the future. Exercise of such options and warrants may result in dilution to the Company shareholders. In addition, if the Company raises additional funds through the sale of equity securities, shareholders may have their investment further diluted.

Internal Controls Over Financial Reporting

During the period ended May 31, 2025, there has been no significant change in the Company’s internal control over financial reporting since last year.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. They are also responsible for establishing adequate internal controls over financial reporting to provide sufficient knowledge to support the representations made in this MD&A and the Company’s annual financial statements for the year ended May 31, 2025 (together the “Annual Filings”). The Chief Executive Officer and Chief Financial Officer of the Company have filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at <http://www.sedarplus.ca>

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings (“NI 52-109”), the venture issuer basic certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (“DC&P”) and internal control over financial reporting (“ICFR”), as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of interim and annual filings and other reports provided under securities legislation.

Cautionary note regarding forward-looking information

Certain statements and information contained in this MD&A and the documents incorporated by reference in this MD&A constitute “forward-looking information” within the meaning of applicable Canadian securities laws. Forward-looking information are statements and information regarding possible events, conditions or results of operations that are based upon assumptions about future economic conditions and courses of action. All statements and information other than statements of historical fact may be forward-looking information. In some cases, forward-looking information can be identified by the use of words such as “seek”, “expect”, “anticipate”, “budget”, “plan”, “estimate”, “continue”, “forecast”, “intend”, “believe”, “predict”, “potential”, “target”, “may”, “could”, “would”, “might”, “will” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A and the documents incorporated herein by reference include, but are not limited to, statements and information regarding: a continuing or increased need for software solutions for the hospitality industry in difficult economic times, the attainment of certain subscription targets and company performance, the demand for its products continuing to increase, a sufficient stable and healthy global economic and business environment, and other factors contained in the section entitled “Risks and Uncertainties” in the MD&A for the year ended May 31, 2024. Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in the forward- looking statements, you are cautioned that this list is not exhaustive and there may be other factors that the Company has not identified. Furthermore, the Company undertakes no obligation to update or revise any forward-looking information included in, or incorporated by reference in, this MD&A if these beliefs, estimates and opinions or other circumstances should change, except as otherwise required by applicable law.