

**Spitfyre Capital Inc.**  
**(A Capital Pool Company)**  
Management's Discussion and Analysis  
*For the three and nine months ended  
September 30, 2023 and 2022*

**November 27, 2023**

*The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's unaudited interim financial statements and notes thereto for the three and nine months ended September 30, 2023 and 2022. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

This MD&A was prepared by management of Spitfyre Capital Inc. ("the Corporation") and was approved by the board of directors of the Corporation on November 27, 2023. All amounts are in Canadian dollars unless otherwise stated.

## **Forward-Looking Statements**

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", and similar words and phrases, used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements are made as at the date of this MD&A and the Corporation does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

## **Description of the Business**

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on June 24, 2021 and is classified as a Capital Pool Company as defined under Policy 2.4 – *Capital Pool Companies* ("Policy 2.4") of the TSX Venture Exchange (the "Exchange"). The Corporation has no assets other than cash held in trust. The Corporation proposes to identify and evaluate potential acquisitions or businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to regulatory and, if required, shareholders' approval.

The Corporation's registered head office is located at 100 King Street West, Suite 1600, Toronto, Ontario, Canada, M5X 1G5.

## **Selected Financial Information**

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on June 24, 2021 and was not yet a reporting issuer pursuant to applicable securities legislation until December 24, 2021, the date of the final receipt for its final prospectus dated December 23, 2021, as issued by the Ontario, Alberta and British Columbia Securities Commissions, thereby becoming a reporting issuer in each of the provinces of Ontario, Alberta and British Columbia. December 31 is the date of its fiscal year end.

**Spitfyre Capital Inc.**  
**Management's Discussion and Analysis**  
*For the three and nine months ended September 30, 2023 and 2022*

The following selected financial data is derived from the unaudited interim financial statements of the Corporation prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards.

Selected Statement of Financial Position Data

	<b>As at September 30, 2023</b>	<b>As at September 30, 2022</b>
<b>Net working capital</b>	\$ 380,240	\$ 528,141
<b>Total current assets</b>	\$ 454,742	\$ 528,459
<b>Total current liabilities</b>	\$ 74,502	\$ 318
<b>Total shareholders' equity</b>	\$ 380,240	\$ 528,141

Selected Statement of Operations Data

	<b>For the nine months ended September 30, 2023</b>	<b>For the nine months ended September 30, 2022</b>
<b>Expenses</b>		
Professional Fees	\$88,561	\$ 40,946
Transfer Agent and Filing Fees	\$16,227	\$ 15,975
<b>Net loss for the period</b>	\$(104,788)	\$(56,921)
<b>Basic loss per share</b>	(0.02)	(0.01)
<b>Weighted average shares outstanding</b>	5,750,000	4,980,769

	<b>For the three months ended September 30, 2023</b>	<b>For the three months ended September 30, 2022</b>
<b>Expenses</b>		
Professional Fees	\$73,787	\$ 4,078
Transfer Agent and Filing Fees	\$5,540	\$ 954
<b>Net loss for the period</b>	\$(79,327)	\$(5,032)
<b>Basic loss per share</b>	(0.01)	(0.00)
<b>Weighted average shares outstanding</b>	5,750,000	5,750,000

**Discussion of Operations**

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition. For the nine months ended September 30, 2023 the Corporation declared no cash dividends.

The Corporation incurred professional fees of \$88,561 for the nine months ended September 30, 2023, as compared to \$40,946 incurred for the nine months ended September 30, 2022. The increase in professional fees and filing fees year over year is due to the Company having identified a potential Qualifying Transaction and the costs in connection with efforts to complete the prospective Qualifying Transaction.

## Liquidity, Capital Resources, and Outlook

As at September 30, 2023 the Corporation had net working capital of \$380,240 and cash held in trust of \$454,742. Management believes that it has sufficient resources to be able to complete a Qualifying Transaction as defined under Policy 2.4 of the Exchange.

## Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements as at September 30, 2023.

## Critical Accounting Estimates and Policies

The Corporation's significant accounting policies and the adoption of new accounting policies are disclosed in the unaudited interim financial statements for the three and nine months ended September 30, 2023 and 2022.

## Financial Instruments and Other Instruments

The Corporation's financial instruments consist of cash and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values, as applicable.

## Disclosure of Outstanding Share Data

As at the date of this MD&A, the following is a description of the outstanding equity securities and convertible securities previously issued by the Corporation:

	<u>Authorized</u>	<u>Outstanding</u>
Voting or equity securities issued and outstanding	Unlimited Common Shares	5,750,000 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Directors' and officers' stock options to acquire up to 10% of the issued and outstanding common shares	Nil
	Agent's options to acquire up to 10% of the common shares issued in connection with the initial public offering	125,000 options
Voting or equity securities issuable on conversion or exchange of outstanding securities	as above	as above

## **Risks and Uncertainties**

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- a) The Corporation faces risks related to health epidemics, pandemics and other outbreaks of communicable diseases, which could significantly disrupt its ability to complete a Qualifying Transaction on a timely basis, or at all, and adversely effect its financial condition. The Corporation's business could be adversely impacted by the effects of the COVID-19 pandemic or other epidemics and/or pandemics. In December 2019, COVID-19 emerged in China and the virus has now spread with infections having been reported globally. On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 to be a pandemic. The extent to which COVID-19 impacts the Corporation's ability to complete a Qualifying Transaction on a timely basis, or at all, and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the pandemic and the actions taken to contain or treat the COVID-19 pandemic (including recommendations from public health officials). In addition, the COVID-19 pandemic represents a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the Corporation and its ability to complete a Qualifying Transaction in a timely manner, or at all.
- b) The Corporation was only recently incorporated, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and shall not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction (see "*Description of the Business*").
- c) Investment in the common shares of the Corporation ("Common Shares") is highly speculative given the proposed nature of the Corporation's business and its present stage of development.
- d) The directors and officers of the Corporation will devote only a portion of their time to the business and affairs of the Corporation and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.
- e) There is no market through which the Common Shares may be sold and purchasers may not be able to resell the Common Shares purchased under the IPO. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares, and the extent of issuer regulation.
- f) There can be no assurance that an active and liquid market for the Common Shares will develop and an investor may find it difficult to resell its Common Shares.

- g) Until completion of the Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. (See "*Description of the Business*").
- h) The Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction if the potential Qualifying Transaction with NeoTerrex Corporation ("NeoTerrex") as set out below is not completed (see "*Description of the Business*").
- i) There can be no assurance that the Corporation will be able to successfully complete a Qualifying Transaction with NeoTerrex, or any other prospective Qualifying Transaction (see "*Description of the Business*").
- j) Completion of the Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non Arm's Length Qualifying Transaction, Majority of the Minority Approval (as such terms are defined in Policy 2.4 of the Exchange). (See "*Description of the Business*".)
- k) Unless a shareholder has the right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed Non Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Corporation of fair value for the Common Shares.
- l) Following the public announcement of the proposed Qualifying Transaction, trading in the Common Shares has been halted and will remain halted for an indefinite period of time, typically until a Sponsor (as such term is defined in Policy 2.4 of the Exchange) has been retained and certain preliminary reviews have been conducted. The Common Shares may be reinstated to trading before the Exchange has reviewed the transaction and before the Sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Corporation completing the proposed Qualifying Transaction (see "*Description of the Business*").
- m) Trading in the Common Shares may be halted at other times for other reasons, including for failure by the Corporation to submit documents to the Exchange in the time periods required.
- n) Neither the Exchange nor any securities regulatory authority passes upon the merits of the proposed Qualifying Transaction.
- o) The Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant and which may also result in a change of control of the Corporation.

- p) In the event that the management of the Corporation resides outside of Canada or the Corporation identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.
- q) Subject to prior Exchange acceptance, the Corporation may be permitted to loan or advance up to an aggregate of \$225,000 of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Corporation will be able to recover that loan.

### **Related Party Transactions**

Transactions with related parties are incurred in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and approved by the related parties.

During the year ended December 31, 2022, 281,000 Common Shares were issued at a price of \$0.20 per share for gross proceeds of \$56,200 to directors and officers of the Corporation as part of the IPO.

During the period ended December 31, 2021, 2,900,000 Common Shares were issued at a price of \$0.10 per share for gross proceeds of \$290,000 to directors and officers of the Corporation.

There was no remuneration paid to key management personnel during the three and nine months ended September 30, 2023 and no other related party transactions have occurred during the quarter.

### **Initial Public Offering**

On May 18, 2022, the Corporation filed an amended and restated prospectus to offer to sell and issue a minimum of 1,125,000 Common Shares and a maximum of 1,250,000 Common Shares at a price of \$0.20 per Common Share for minimum aggregate gross proceeds of \$225,000 and maximum aggregate gross proceeds of \$250,000. The Corporation has entered into an agency agreement with Hampton Securities Limited (the "Agent") to raise gross proceeds of \$225,000 to \$250,000 in connection with the IPO. The Corporation has agreed to pay a commission of 10% of the gross proceeds of the IPO to the Agent and to grant compensation warrants ("Compensation Warrants") to the Agent and its sub-agents, if any, which will entitle the holder thereof to purchase up to that number of Common Shares that is equal to 10% of the Common Shares issued pursuant to the IPO at a price of \$0.20 per Common Share, exercisable for a period ending 36 months from the date the Common Shares are listed on the Exchange. Pursuant to Policy 2.4 of the Exchange, no more than 50% of the aggregate number of Common Shares that may be acquired pursuant to the Compensation Warrants may be sold prior to the completion of the Qualifying Transaction and the remaining 50% may only be sold after completion of the Qualifying Transaction. In addition, the Corporation is required to reimburse the Agent for legal fees (up to a maximum of \$15,000 plus taxes and disbursements) and other reasonable expenses incurred by the Agent pursuant to the IPO. On June 17, 2022, the Corporation completed the Offering, raising the maximum gross proceeds of \$250,000.

### **Qualifying Transaction**

On June 28, 2023, the Corporation entered into a non-binding letter of intent (the "LOI") with NeoTerrex Corporation ("NeoTerrex"). On October 4, 2023, the Corporation entered into a binding amalgamation agreement (the "Amalgamation Agreement") with NeoTerrex. Pursuant to the Amalgamation Agreement, the Corporation and NeoTerrex propose to complete a business combination transaction which is intended to constitute the Corporation's Qualifying Transaction (the "Proposed Transaction"). On November 23, 2023, the Corporation and NeoTerrex completed a private placement raising aggregate gross proceeds of \$3,516,600, consisting of 600,000 subscription receipts of the Corporation at \$0.25 (the "Spitfyre Subscription Receipts"), 8,038,000 subscription receipts of NeoTerrex at \$0.25 (the "NeoTerrex Subscription Receipts") and 4,523,688 flow through subscription receipts of NeoTerrex at \$0.30 (the "Flow Through Subscriptions Receipts") being issued. Each Spitfyre Subscription Receipt and each NeoTerrex Subscription Receipt will be converted into one common share and one half warrant of the Corporation and each Flow Through Subscription Receipt will be converted into one flow through share of the Corporation upon completion of the Proposed Transaction. The exchange ratio for the Proposed Transaction will be 1:1. The closing date of the Proposed Transaction is anticipated to be November 28, 2023, or such other date as is mutually agreed to between NeoTerrex and the Corporation.

### **Other Information**

The policies of the TSX Venture Exchange prohibit Capital Pool Companies from carrying on formal investor relations activities. Corporate communications and investor inquiries are handled by the board of directors of the Corporation. Additional information about the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).