COMET INDUSTRIES LTD. ("Company")

ANNUAL MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS AND FISCAL YEAR ENDED JANUARY 31, 2022

DATED: May 31, 2022

This document constitutes Management's Discussion and Analysis ("MD & A") of the financial and operational results of Comet Industries Ltd. ("Comet" or the "Company") for the three months and fiscal year ended January 31, 2022, and for the period to May 31, 2022. This MD & A supplements, but does not form part of, the financial statements of the Company, and should be read in conjunction with the audited financial statements for the years ended January 31, 2022, and 2021. All dollar figures stated herein are expressed in Canadian dollars, unless otherwise specified.

All audited financial statements referred to herein have been prepared in accordance with International Financial Reporting Standards accounting policies.

The Company's fourth fiscal quarter ended January 31, 2022, is herein called the "Quarter", and its fiscal year ended January 31, 2022 is hereinafter called the "Fiscal Year". The period between February 1, 2022, and May 31, 2022 is hereinafter called the "Subsequent Period".

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, constitute "forward-looking information" within the meaning of Canadian securities legislation. "Forward-looking information" includes, but is not limited to, statements with respect to the potential merits of the Company's properties, as well as the Company's future plans, objectives, business strategy, budgets, projected costs, financial results, and requirements for additional capital.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Some risks and uncertainties applicable to Comet are disclosed in Clause 12.

In making the statements in this MD&A containing forward-looking information, the Company has applied several material assumptions, including but not limited to, assumptions regarding the ability of the Company to obtain, on reasonable terms, any financing it may require in the future.

Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

The Company disclaims any intention or obligation to update or revise the forward-looking information in this MD&A, whether because of new information, events or otherwise, except as required by applicable securities legislation. Accordingly, readers are cautioned not to put undue reliance on forward-looking information.

1. Overall Performance

Other than as described below, there have been no material changes in, or developments with respect to, the Company's business or assets since the Fiscal Year which ended January 31, 2022 – as discussed in the Company's annual MD & A dated May 31, 2022.

The outbreak of COVD-19 has resulted in the federal and provincial governments enacting numerous measures such as the implementation of a travel ban, self-imposed quarantine periods and social distancing. These measures have caused material disruption to businesses and has resulted in an economic slowdown.

The outbreak and spread of a novel coronavirus (COVID-19), declared a pandemic by the World Health Organization, has already had significant human, political, and economic consequences around the world. The coronavirus is still evolving, and its full impact remains to be determined.

During the year ended January 31, 2021, the Company has applied for the Canada Emergency Commercial Rent Assistance ("CECRA") for certain tenants whose business has been impacted because of the COVID-19 pandemic. The applications were processed on a case-by-case basis.

It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and accordingly certain aspects of the Company's operations could be affected, including rent collection, occupancy rates, demands for space, capitalization rates, and the resulting value of the Company's properties. This is an uncertain issue where actual effects will depend on many factors beyond the control and knowledge of the Company. To date the impact on the Company's operations has been a reduction in rents received from the Carrall Street leases partially offset by government Covid-19 assistance programs. The trend in 2021 has been of a gradual recovery of rental income and 2022 is projected to match the 2019 rental revenues.

Properties and Property Interests Held by the Company:

(a) Iron Mask Crown Granted Mineral Claims

The Company holds a 40% working interest in the five Crown Granted ("Crown Grants") - known as the Iron Mask property (Property A), which is in southwest Kamloops, B.C. The remaining interests are held 30% each by two associated companies, Initial Developers Ltd. ("Initial") and DVO Industries Ltd. ("DVO"). The Crown Grants cover approximately 190 contiguous acres (approximately 76.9 hectares). The names of the Crown Grants are:

Victor – 1340	Con Verdant - 1341
Norma - 1302	Nighthawk – Lot 1747
Mint – Lot 1342	

The Crown Grants are, in Note 8 of the Company's financial statements, called "Property A".

Because of the zoning changes by Kamloops described in sub clause (c), there it is unlikely that mineral deposits underlying portions of the Crown Grants will not be able to be mined. The zoning changes might also prohibit the owners of the Crown Grants from conducting exploration or testing to establish the extent to which, if any, the Crown Grants are underlain by otherwise recoverable mineral deposits. The Company does not presently anticipate attempting to further explore the mineral deposits and anticipates that - even if the presence of mineral deposits could be further confirmed, considering the Kamloops City zoning and other potential problems and requirements - there is a substantial risk that the deposits might not be mineable. The Kamloops land use plan allows for an expansion of available industrial land within the municipal boundaries including the whole of Property A. The Company is actively engaged in obtaining industrial zoning for the property. The change in zoning would substantially enhance the value of the surface rights because the mineral rights are controlled by the Comet and its associated companies.

(b) Net Profits Royalty Interests ("Royalty Interests")

Comet holds a 10%, and Initial and DVO each hold 7.5% for an aggregate 25% carried net profits interest in a contiguous block of mineral properties ("Property B" in Note 8 of the Company's financial statements) which are owned by KGHM International Ltd. ("KGHM"), the successor to Abacus Mining & Exploration Corp. and adjoin the

Crown Grants – (hereinafter referred as the "Abacus Claims").

The Abacus Claims cover an area of 2,500.3 hectares (approximately 6,178 acres). The Company, Initial and DVO acquired the net profits interest in the Abacus Claims pursuant to an Agreement between them and KGHM's predecessor Afton Operating Corporation, dated August 24, 1987.

The Abacus Claims are a portion of a larger group of mineral properties owned by KGHM and called by it the Ajax Property. The Abacus Claims are known to contain three mineralized zones named "DM", "Audra" and "Crescent" (hereinafter referred to as the "Mineralized Zones"). Abacus Mining has provided some information about the Abacus Claims in a Feasibility Study Technical Report dated January 6, 2012 (the "Feasibility Report") – which may be viewed on Abacus' website: www.amemining.com or on SEDAR.

The mining study in the Feasibility Report is limited to a portion of the Ajax property that is approximately 8.5 kilometers from the Abacus Claims and does not include the DM-Audra-Crescent resource estimate as part of its analysis. The Feasibility Report also refers to subsequent drilling in the Abacus claims. Due to opposition by the British Columbia Government to KGHM's plans to develop the Kamloops area properties they discontinued all further work and closed their offices in B.C.

Indirectly the Company holds an additional interest in the Crown Grants and Royalty Interests through its shareholdings in Initial (35.8%) and DVO (26.6%). Comet has no plans to do any development work on the properties.

(c) Iron Mask Surface Land Titles ("Property A")

The Company owns the surface land titles covering the Crown Grants ("Surface Lands"). The Surface Lands cover an area of 190.64 acres (approximately 77.15 hectares). The Surface Lands are also within the boundaries of the City of Kamloops, BC and are designated, under the Kamloops Official Community Plan, as a "Special Industrial Development Area". This is a general zoning designation and provides flexibility to Kamloops City development staff to specify the exact type of industrial zoning that will be applied to portions of the lands.

Comet's Management understands that there is a shortage of industrially zoned land in the City of Kamloops. Management believes that the change in zoning status greatly enhances the value of the Lands.

Comet is actively pursuing the rezoning of "Property A" to allow for a light industrial land development on the property.

(d) Other Lands Owned

The Company owns several parcels of land at Pender Harbor, British Columbia. It also owns two parcels of undeveloped land – covering 9 contiguous acres –22 km. northeast of Terrace, British Columbia on the Yellowhead highway. The zoning of the properties is R2 (low density residential) the Company has received no revenue and has no plans to develop properties. Both properties are currently listed for sale.

During the year ended January 31, 2022, a portion of the Pender Harbor land was disposed for a net cash consideration of $608,376.

During the year ended January 31, 2022, the Company has settled a debt owed by DVO Industries Ltd. to the Company in the amount of $383,246. As consideration for settlement of the debt, DVO has transferred an unencumbered 40% interest in a parcel of land on Nelson Island, BC to the Company. DVO holds the remaining 60%. The Company owns 26.6% of the issued shares of DVO.

(e) Gastown Property

The Company owns land and a commercial building at the corner of Carrall and Powell Streets in the Gastown area of Vancouver, British Columbia (hereinafter called the "Gastown Property"). The building is 2-storey building with 8,632 square feet of commercially rentable space. The main street level floor is divided into 5 rental units. The second floor is leased by a single tenant who operates the space as a restaurant and night club. All the leases are short term. Since April 1, 2009, the building has been fully rented. As a result of the short-term nature of the leases the Company can periodically increase the rent charged to the various tenants. While the rental revenue is subject to the possibility of portions of the building being temporarily vacant Management is not aware of any trends toward increasing vacancies in the Gastown area and anticipates being able to maintain a close to full occupancy rate for the immediate future.

However, during the Fiscal Year and Subsequent Period due to Covid-19 restrictions, the Company continued to temporarily reduce rents for the tenants but at a lesser rate than the previous year. The Company realized higher revenues in the current Fiscal Year from the Gastown property due to the gradual economic recovery after the outbreak of COVID-19. As a result, the gross rental revenue from the Gastown Property for the Fiscal Year increased to $424,649 (2021 - $309,979).

2. Financing and Capital Resources

(a) Comet's cash regular flow is mainly from the rental revenues from its Gastown Property – except for minor amounts it receives from month-to-month leases on portions of other properties and the sale of excess properties. The management is confident that the Company's financial performance is improving and achieving its expected and satisfactory level. Management is selling some excess property in Terrace BC that should result in an increase in its cash balance.

Based on the Company's current cash on hand and the rate at which it expects to incur expenses during the current Fiscal Year, the Management believes that the Company has sufficient cash resources to operate well beyond the next fiscal year.

(b) The Company did no debt financing during the Fiscal Year. It did not receive any equity financing during the Fiscal Year (2021 - $300,000 from the exercise of share purchase options).

3. Selected Financial Information and Discussion of Operations

The Company's quarterly results for the past 8 quarters – detailed in Clause 4 below - have varied from quarter to quarter primarily due to the different dates that irregularly received rental payments are deposited or credited to the Company's bank account and the dates that various expenses that are not incurred on a regular monthly basis are posted to the Company's accounts.

The financial information given in Clause 4 below is taken from the Financial Statements and should be read in conjunction with those statements.

4. Summary of Quarterly Results

The following information is provided for each of the eight most recently completed quarters of the Company:

	Jan 31/22	Oct 31/21	Jul 31/21	Apr 30/21	Jan 31/21	Oct 31/20	Jul 31/20	Apr 30/20
(a) Net sales or total rental revenues	136,548	120,439	84,591	83,071	89,036	78,269	54,861	87,813
(b)Net Earnings (Loss) total	(65,928)	16,554	(47,625)	(23,388)	(179,331)	965	(16,948)	(571)
- per share*	(0.01)	0.00	(0.01)	(0.01)	(0.04)	0.00	(0.00)	(0.00)
(c) Comprehensive Income (Loss) - total	346,260	17,097	(42,457)	39,296	(67,619)	8,506	(7,058)	(1,763)
- per share*	0.07	0.00	(0.01)	0.01	(0.01)	0.00	(0.00)	(0.00)

* The loss per share figures are on an undiluted basis –the effect of dilution is to reduce the reported loss per share.

During the Quarter ended January 31, 2022, a portion of Pender Harbor land was sold for a cash consideration of $632,500, generating a gain on disposal of $377,976. Other than that, the fluctuations between the Quarters are largely because of the dates that various non-regular expenses and rental revenues are posted to the Company's financial records. For the quarter ended January 31, 2021, the loss shown is because of the reduced rent received from tenants due to COVID-19.

5. Selected Annual Financial Information

The following table summarized selected financial information as at and for the last three fiscal year-ends of the Company:

	January 31, 2022 $	January 31, 2021 $	January 31, 2020 $
(a) Net sales or total revenues	424,649	309,979	515,879
(b) Net income or (loss) before other or extraordinary items: – total – per share undiluted - per share diluted *	 (120,387) (0.03)	 (195,885) (0.04)	 55,201 0.01
(c) Net income or (loss) - total - per share undiluted - per share diluted *	 360,195 0.08	 (67,934) (0.01)	 50,030 0.01
(d) Total assets	2,651,669	2,395,099	2,157,566
(e) Total long-term financial liabilities	692,378	737,995	740,662
(f) Cash dividends declared per share	Nil	Nil	Nil

6. Liquidity

At the end of the Fiscal Year the Company had cash on hand of $820,060 (2021 - $311,358). At the end of the Fiscal Year the Company had a working capital of $633,185 (2021 – $68,917).

The significant increase in cash on hand during the year was due to the sale of a portion of Pender Harbor land as mentioned in Clause 1(d). As a result, working capital improvement was noted in the current year.

The Company has no financial commitments other than to pay its monthly general and administrative expenses, its monthly mortgage payments, and its ongoing fixed regular anticipated costs.

7. Transactions with Related Parties and Key Management Personnel in the Fiscal Year

The Company paid or incurred management fees of $9,000 (2021 - $66,000) to Garden Bay Management Ltd. - which is controlled by the wife of the Company's former President – for the provision of the management services of (Jack) Wiley – who died on April 28, 2021.

During the year, the Company paid management fees of $48,000 (2021 - $29,174) to the Company's new President. Included in accounts payable and accrued liabilities at January 31, 2022 was $9,165 (2021 - $4,200) owed to the President.

Management salary of $Nil (2021 - $45,000) was paid to Richard Angus, a director of the Company.

The Company also paid $58,500 (2021 - $18,800) to a related person for management service on the Carrall Street property.

The Company incurred legal fees of $30,964 (2021 - $13,147) with the law firm in which Mr. Jonsson is a principal. At the end of the year, $7,484 (2021 - $1,235) was due to the law firm.

During the year ended January 31, 2022, the Company has settled a debt owed by DVO to the Company in the amount of $383,246. As consideration for settlement of the debt, DVO has assigned 40% interest in a parcel of land on Nelson Island, BC to the Company, as mentioned in Clause 1(d).

At the end of the Fiscal Year, DVO owed the Company $7,896 (2021 - $383,246). DVO's indebtedness to the Company is payable on demand, bears no interest, and is unsecured.

At the Fiscal Year End there was $51,974 (2021 - $51,974) owing to the Company by Initial for advances made by the Company to or on behalf of Initial in previous years. This amount is payable on demand, bears no interest, and is

unsecured. There were no amounts paid to or on behalf of Initial by the Company during the year.

Related party transactions are recorded at the amount paid or received as established by contract or as agreed upon by the Company and the related party. Some of the officers and directors of the Company are also officers, directors, or shareholders of the related companies.

8. Fourth Quarter

During the Fourth Quarter ended January 31, 2022, a portion of Pender Harbor land was disposed for a cash consideration of $632,500, generating a gain on disposal of $377,976. During the Company's fourth quarter there were no other events or items which significantly affected its financial condition, cash flow or results of operations.

9. Outstanding Share Data

As of January 31, 2022, the Company has 5,037,595 common shares issued and outstanding. All the shares are voting shares and rank equally. The Company's financial statements show only 4,666,901 shares issued. This is because 370,694 of the issued shares are held by Initial and DVO and are accordingly not considered to be issued and outstanding in financial statement disclosure due to applicable accounting rules.

During the year ended January 31, 2021, the Company received $300,000 for the exercise of 200,000 share options at $1.50 per share and settled $86,550 of amounts owing by the Company in exchange for the exercise of 57,700 share options at $1.50 per share. The remaining 142,300 share options expired unexercised.

At January 31, 2022, the Company had no share purchase options outstanding. No shares were issued, or options granted during the year or the Subsequent Period.

10. Critical Accounting Estimates and Judgments

The Company's financial statements are prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Significant areas requiring the use of management estimates include determination of impairment of property and equipment, impairment of investment property, impairment of exploration and evaluation assets, decommissioning and environmental liabilities, realization of deferred income tax assets, and assumptions used in valuing options and warrants in share- based compensation calculations.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments with a significant risk of material adjustment in the next year. These include (i) Going concern, (ii) Classification of investment properties, and (iii) Classification of property held for sale.

11. Changes in Accounting Policies and RecentAccounting Pronouncement

The mandatory adoption of new and revised accounting standards had no significant impact on the Company's financial statements for the years presented.

Note 3 to the January 31, 2022, audited Financial Statements describes the Accounting Policies followed in preparing the Statements.

Note 4 of the Statements describes recent changes in accounting policies that the Company has had to adopt and changes which will become effective in the future.

12. Risks and Uncertainties

Comet's business is migrating from a speculative business involving a high degree of risk to a real estate holding and management company with a portfolio of assets and properties which carry less risk and uncertainty than mining exploration. The following are some of the risks to the Company, recognizing that it may be exposed to other additional risks from time to time.

- Dependence on key management personnel
- Reliance on availability and performance of independent contractors
- Challenges by Aboriginals to some property titles
- Environmental issues
- Federal, provincial, and municipal political risk
- Financial markets

13. Other MD & ARequirements

Additional information relating to the Company has been filed on SEDAR and is available at www.sedar.com.