

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

Report Date:  
**April 26, 2023**

This Management Discussion and Analysis (“**MD&A**”) provides an analysis of the business of Hopefield Ventures Two Inc. (“**Hopefield**” or the “**Company**”) and its financial results for the period ended December 31, 2022. The following MD&A should be read in conjunction with the Company’s audited financial statements and the notes thereto for the period ended December 31, 2022 (the “**Financial Statements**”). This discussion is current as at this report date. The Financial Statements (and the financial information contained in the related MD&A) were prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and all monetary amounts expressed in this MD&A and in the Financial Statements are expressed in Canadian dollars, unless otherwise stated. Such financial statements, MD&A and additional information about the Company are available at [www.sedar.com](http://www.sedar.com).

**Forward Looking Information**

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith, and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company’s ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity;
- The Company’s success at completing future financings;
- The Company’s strategies and objectives;
- General business and economic conditions;
- The Company’s ability to meet its financial obligations as they become due;
- The positive cash flows and financial viability of new business opportunities;
- The Company’s ability to manage growth with respect to a new business opportunity; and

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company.

Readers are cautioned that the preceding list of risks, uncertainties, assumptions, and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward-looking statements. Due to the risks, uncertainties, and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

### **Summary of Hopefield's Business**

The Company's business is to identify and evaluate businesses and assets with a view to completing a qualifying transaction. The Company has not conducted commercial operations. The Company is not specifically considering pursuing a company, asset or business in any specific business or industry sector, or in any particular geographical area, and the Company has been and anticipates reviewing companies, assets and businesses in a broad range of industry sectors and geographical area.

The Company currently operates in one segment which is the investigation and evaluation of business opportunities to either acquire or in which to participate.

### **Events Subsequent to the Year Ended December 31, 2022**

- on January 9, 2023, the Company successfully completed its initial public offering, raising gross proceeds of \$250,000 pursuant to a prospectus dated December 22, 2022. An aggregate of 2,500,000 common shares in the authorized share capital of Hopefield (the "**Common Shares**") were subscribed for at a price of \$0.10 per Common Share. Concurrent with the completion of the offering, the Company granted options to purchase 250,000 Common Shares to directors and officers of the Company, at a price of \$0.10 per share.

### **Selected Annual Information<sup>(1)</sup>**

The following financial data for the period from January 24, 2022 (date of incorporation) to December 31, 2022 is derived from the Financial Statements and should be read in conjunction with the Financial Statements. There is no comparative financial data, since Hopefield was incorporated on January 24, 2022. The information has been derived from financial statements prepared in accordance with IFRS and all dollar amounts are reported in Canadian currency.

	<b>Period Ended December 31, 2022</b>
Revenue	Nil
Net loss	\$141,482
Basic and diluted net loss per share	\$0.01

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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Total Assets	\$1,052,763
Total Non-current financial liabilities	Nil
Cash dividends declared (per share)	Nil

(1) Audited financial information prepared in accordance with IFRS

Given its incorporation on January 24, 2022, the Company does not have a comparative period for the period ended December 31, 2022.

### **Discussion of Operations**

The Company was incorporated pursuant to the provisions on the *Business Corporations Act* (British Columbia) on January 24, 2022. The Company is a capital pool company (“**CPC**”) as defined in Policy 2.4 of the TSX Venture Exchange (the “**Exchange**”). The Company has no commercial operations and its purpose is to identify and evaluate potential acquisitions of operating businesses, and once identified and evaluated, to negotiate an acquisition of such a business, subject to receipt of regulatory approval.

Until completion of a Qualifying Transaction (as defined in Exchange Policy 2.4), the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. Except as described in the Company's final prospectus dated December 22, 2022, the funds raised pursuant to the Company's initial public offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

During the period ended December 31, 2022 the Company recorded a loss of \$141,482. The loss includes share-based compensation expenses of \$84,995, professional fees of \$39,927 and filing fees of \$14,124. Professional fees included legal, audit and audit-related fees incurred in relation to formation of the company and preparation for the Company's IPO (as defined below).

The Financial Statements have been prepared on a going concern basis, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The continuing operations of the Company are dependent upon its ability to identify, evaluate, negotiate and complete a Qualifying Transaction, which is not assured. The accompanying Financial Statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate, adjustments may be necessary to the carrying amounts and/or classification of assets and/or liabilities and the reported expenses in these Financial Statements. Such adjustments could be material.

There is no assurance that the Company will identify an appropriate business or asset for acquisition or investment and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that a business or asset acquired will be

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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profitable.

## **Share Capital**

### *Authorized*

Unlimited number of common and preferred shares without par value.

### *Issued and Outstanding*

As at December 31, 2022, the Company had 15,387,500 Common Shares and 1,538,750 stock options issued and outstanding.

On January 9, 2023, the Company received gross proceeds of \$250,000 pursuant to the issue of 2,500,000 Common Shares at a price of \$0.10 per Common Share.

As at April 26, 2023, the Company had 17,887,500 Common Shares and 1,988,750 stock options issued and outstanding, of which 1,788,750 stock options were granted to directors and officers of the Company pursuant to the Stock Option Plan (as defined below), and of which 200,000 stock options were granted to the Company's Agent as compensation pursuant to the IPO (as defined below).

<b>Security</b>	<b>Number of Securities</b>	<b>Date of Issuance</b>	<b>Gross Proceeds \$ Amount</b>
Common Shares	2,500,000	January 9, 2023	\$250,000
Stock Options	200,000	January 9, 2023	N/A <sup>(1)</sup>
Common Shares	700,000	March 24, 2022	\$35,000
Common Shares	5,987,500	February 24, 2022	\$598,750
Common Shares	1,000,000	February 16, 2022	\$50,000
Common Shares	7,700,000	February 9, 2022	\$385,000

(1) 200,000 Options were issued to the Agent (as defined below) pursuant to the January 9, 2023, IPO.

## **Stock Options**

On January 27, 2022, the Company adopted a stock option plan (the "**Stock Option Plan**") whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued and outstanding Common Shares of the Company at any time. The vesting period for all options is at the discretion of the Board of

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price (if any) of the Company's Common Shares.

The Stock Option Plan provides that the number of Common Shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by such an individual may not exceed 5% of the issued and outstanding Common Shares, if the individual is a director or officer, or 2% of the issued and outstanding Common Shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. All stock options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such stock options are granted.

In 2022, the Company granted a total of 1,757,500 stock options to directors and officers of the Company, which vested immediately, having an exercise price of \$0.10 and \$0.05 per Common Share, respectively. The fair value of the options granted was determined to be \$84,995 using the Black-Scholes option pricing model under the following weighted average assumptions:

Common Share price	\$0.072
Exercise price	\$0.072
Expected dividend yield	Nil
Expected volatility	59%
Risk-free interest rate	1.90%
Expected option life	10 years
Fair value (per share) of options granted	\$0.048

Also during 2022, 218,750 of the aforementioned stock options were cancelled by the Company.

On January 9, 2023, the Company granted a total of 250,000 stock options to directors and officers of the Company, which vested immediately, having an exercise price of \$0.10 per Common Share. The fair value of the stock options granted was determined to be \$14,750 using the Black-Scholes option pricing model under the following assumptions:

Common Share price	\$0.10
Exercise price	\$0.10
Expected dividend yield	Nil
Expected volatility	44%
Risk-free interest rate	3.08%
Expected option life	10 years
Fair value (per share) of options granted	\$0.059

A summary of the Company's outstanding options issued pursuant to the Stock Option Plan as at the date of this MD&A is as follows:

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

<b>Grant Date</b>	<b>Number of Options Outstanding</b>	<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Remaining Contractual Life</b>
January 9, 2023	250,000	\$0.10	January 9, 2033	9.7 years
February 28, 2022	598,750	\$0.10	February 28, 2032	8.9 years
February 10, 2022	940,000	\$0.05	February 10, 2032	8.8 years

**Liquidity and Capital Resources**

The Company manages its capital structure to maximize its financial flexibility. It may make adjustments to the capital structure in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company’s management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at December 31, 2022, the Company is not subject to any externally imposed capital requirements or debt covenants. There were no changes to management’s approach to capital management during the year.

In February and March, 2022, the Company completed two non-brokered private placements pursuant to which the Company issued an aggregate of 19,275,000 Common Shares (11,700,000 at a price of \$0.05 per Common Share and 7,575,000 at a price of \$0.10 per Common Share) for gross proceeds of \$1,342,500. In July 2022, the company repurchased and cancelled an aggregate of 3,887,500 Common Shares (2,300,000 at a price of \$0.05 per Common Share and 1,587,500 at a price of \$0.10 per Common Share) for a gross cost of \$273,750.

On January 9, 2023, the Company completed its initial public offering (“**IPO**”), raising gross proceeds of \$250,000 pursuant to a prospectus dated December 22, 2022. An aggregate of 2,500,000 Common Shares in the authorized share structure of Hopefield were subscribed for at a price of \$0.10 per share. Canaccord Genuity Corp. acted as the agent (“**Agent**”) for the offering. The Company paid the Agent \$20,000 in Agent’s commission, \$37,890 in fees and expenses and issued 200,000 share purchase options exercisable at a price of \$0.10 per option until January 11, 2028.

The Company has no revenue-generating operations. In the period ended December 31, 2022, the Company had an accumulated loss of \$141,482. As at December 31, 2022, the Company had a working capital balance of \$1,006,208, including cash of \$979,428, which amount, along with the net proceeds of the IPO, is considered adequate to meet its requirements for the ensuing 12 months based on current budgeted expenditures for operations. A significant portion of working capital is held in cash, significantly reducing any liquidity risk of financial instruments held by the Company.

**Capital Resources**

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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The Company does not have any commitments for capital expenditures.

The Company is dependent on external financing, including equity issuances and debt financing, to fund its activities. Management of the Company will determine whether to accept any offer to finance weighing such things as the financing terms, share price at the time and current market conditions, among others. Circumstances that could impair the Company's ability to raise additional funds include general economic and capital market conditions.

On an ongoing basis, management evaluates and adjusts its planned level of activities, including planned and administrative costs, to maintain adequate levels of working capital.

### **Off-Balance Sheet Arrangements**

Hopefield has not participated in any off-balance sheet arrangements.

### **Related Party Transactions**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

During the period ended December 31, 2022, the Company granted 1,757,500 share purchase options to directors and officers of the Company with a fair value of \$84,995 as described in Note 4. In addition, 218,750 of the aforementioned share purchase options were later cancelled during the period.

On January 9, 2023, the Company granted 250,000 share purchase options to directors and officers of the Company with a fair value of \$14,750.

### **Changes in Accounting Policies**

Hopefield has adopted accounting policies stated in the Financial Statements for the period ended December 31, 2022.

### **Financial Instruments**

#### *Fair Value Measurements*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and
- Level 3 – Inputs that are not based on observable market data.

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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As at December 31, 2022, Hopefield's financial instruments consisted of cash, accrued receivables, prepaid expenses and deposits and accounts payable. The fair values of Hopefield's financial instruments approximate their carrying value, due to their short-term maturities or liquidity. As at December 31, 2022, Hopefield's risk exposure and the impact on Hopefield's financial instruments are summarized below:

*Credit Risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high credit quality financial institutions. Management believes that the credit risk related to its cash is negligible. As at December 31, 2022, Hopefield holds cash balances at a major Canadian chartered bank and has assessed the credit risk to be low.

*Foreign Currency Risk*

Currency 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. As at December 31, 2022, the Company holds no financial instruments that are denominated in a currency other than Canadian dollars, and Hopefield had no financial assets and liabilities that were subject to currency translation risk.

*Liquidity Risk*

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Hopefield attempts to manage liquidity risk by maintaining sufficient cash balances and to ensure that there is sufficient capital to meet short-term obligations. As at December 31, 2022, Hopefield had a working capital balance of \$1,006,208, including cash of \$979,428.

*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 commodity and equity prices.

*Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

*Price Risk*

Price risk refers to risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on earnings due to movements in individual equity prices or general movements in the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatility. Future declines in commodity prices may impact the valuation of long-lived assets. The Company does not currently hold equities or long-lived assets and as such, its earnings are not currently subject to price risk.

**Critical Accounting Estimates**

**HOPEFIELD VENTURES TWO INC.  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE PERIOD ENDED DECEMBER 31, 2022**

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The preparation of the Financial Statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year included:

*Stock Options*

Determining the fair value of stock options requires estimates related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could have a significant impact on the Company's future operating results or on other components of shareholders' equity.