

## METEORITE CAPITAL INC.

### MANAGEMENT'S DISCUSSION & ANALYSIS

**November 25, 2022**

The following management's discussion and analysis ("**MD&A**") of the operations, results, and financial position of Meteorite Capital Inc. ("**Meteorite**" or the "**Company**"), dated November 25, 2022 covers the period ending September 30, 2022 and should be read in conjunction with the unaudited condensed interim financial statements of the Company and the notes thereto for the same period, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"). The MD&A supplements, but does not form part of the condensed interim financial statements. Management is responsible for the preparation of the interim financial statements and the MD&A for the period ending September 30, 2022. Additional information on the Company is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

Where we say "we", "us", "our", or the "Company" we mean Meteorite unless otherwise indicated. All amounts are presented in Canadian dollars unless otherwise indicated.

#### **Description of Business:**

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of Canada Business Corporations Act on April 27, 2018. The Company completed its initial public offering ("**IPO**") of 5,000,000 common shares for gross proceeds of \$750,000 on September 28, 2018. The Company's common shares were listed on the TSX Venture Exchange ("**TSX-V**" or the "**Exchange**") on October 12, 2018 and commenced trading on the TSX-V on the same day under the symbol "MTR.P".

The Company was listed as a Capital Pool Company ("**CPC**") as defined in TSX-V Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a qualifying transaction ("**Qualifying Transaction**") as defined under TSX-V Policy 2.4.

#### **Forward-looking statements**

*Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. 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. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that those expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.*

*With respect to forward-looking statements above and otherwise contained in this MD&A, the Company has made assumptions regarding, among other things:*

- *the legislative and regulatory environment;*
- *the impact of increasing competition;*
- *ability to obtain regulatory and shareholder approvals; and*
- *the Company's ability to obtain additional financing on satisfactory terms.*

*The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below:*

- *volatility in the market conditions;*
- *incorrect assessments of the value of acquisitions;*
- *due diligence reviews; and*
- *competition for suitable acquisitions.*

### **Overall Performance**

Meteorite is classified as a CPC for the purposes of the policies of the Exchange. As a result, the Company's current business is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's length Qualifying Transaction, is also subject to "majority of the minority approval" in accordance with Policy 2.4 of the Exchange.

Subsequent to quarter-end on November 1, 2022, the Company signed a binding letter agreement to complete its Qualifying Transaction. See "Subsequent Events" section.

### **Results of Operations**

As of September 30, 2022, the Company had no operations other than evaluating acquisition opportunities with a view to completing a qualifying transaction.

For the nine-month period ended September 30, 2022, Meteorite earned interest income of \$285 and \$896 (September 30, 2021 - \$131 and \$3,373), incurred net losses and comprehensive losses of \$3,347 and \$39,375 (September 30, 2021 - \$2,908 and \$345,406) and incurred total operating expenses of \$3,632 and \$40,271 (September 30, 2021 - \$3,039 and \$348,779). These expenses are mainly related to professional fees, impairment losses, and listing fees.

Working capital as at September 30, 2022 was \$88,646 compared to \$128,021 as at December 31, 2021.

## Selected Financial Information

A summary of selected financial information for the three and nine-month periods ended September 30, 2022 and 2021 is set out below:

	Three-months ended September 30, 2022	Nine-months ended September 30, 2022	Three-months ended September 30, 2021	Nine-months ended September 30, 2021
Net loss and comprehensive loss	\$(3,347)	\$(39,375)	\$(2,908)	\$(345,406)
Basic and fully diluted loss per share	(0.00)	(0.01)	(0.00)	(0.05)
Total expenses	3,632	40,271	3,039	348,779
Total assets	118,933	118,933	184,343	184,343
Cash (used in) provided by operations	N/A	(56,357)	N/A	(78,859)
Long-term financial liabilities	Nil	Nil	Nil	Nil

For the three and nine-month periods ended September 30, 2022 and 2021, the Company reported no discontinued operations and declared no cash dividends.

## Summary of Quarterly Results

	3 Months Ended Sept 30 2022	3 Months Ended June 30 2022	3 Months Ended Mar 31 2022	3 Months Ended Dec 31 2021	3 Months Ended Sept 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021	3 Months Ended Dec 31 2020
Interest income	\$ 285	\$ 470	\$ 141	\$ 131	140	\$ 164	\$ 3,069	\$ 4,292
Impairment loss	-	-	-	-	-	-	173,926	57,975
Professional fees	3,518	22,422	2,874	17,956	2,349	16,228	146,388	21,297
Listing fees	-	10,635	-	11,497	575	7,415	690	(11,498)
Investor relations	91	660	-	81	-	1,012	-	499
Transaction costs	-	-	-	-	-	-	-	-
Taxes and licenses	-	-	-	-	92	-	-	-
Bank charges and interest	23	28	20	21	23	55	26	32
Net earnings (loss) and comprehensive earnings (loss)	(3,347)	(33,275)	(2,753)	(29,424)	(2,899)	(24,546)	(317,961)	(64,013)
Earnings (loss) per share*	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.05)	(0.01)

\*does not include escrowed shares as they are contingently returnable.

This summary of quarterly results should be read in conjunction with the interim financial statements and notes included in the Company's unaudited interim financial statements as at September 30, 2022.

## Discussion of Operations for the Three and Nine-Month Periods Ended September 30, 2022

Loss and comprehensive loss for the three and nine-month periods ended September 30, 2022 were \$3,347 and \$39,375 compared to \$2,908 and \$345,306 for the same periods in 2021. The increase in the net loss

of \$439 and decrease of \$306,031 were primarily due to an increase in professional fees of \$1,169 for the 3-month period and a decrease of \$136,151 for the nine-month period, and impairment losses of \$nil and \$173,926, respectively.

### **Transactions with Related Parties**

Related parties include the Board of Directors, the president, the chief financial officer, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

During the three and nine-month periods ended September 30, 2022, a law firm of which an officer, director and shareholder of the Company is a partner, provided legal services in the amount of \$NIL and \$9,018 (September 30, 2021 - \$321 and \$12,763). As at September 30, 2022, accounts payable and accrued liabilities include an amount of \$24,540 (December 31, 2021 - \$30,522) related to legal services.

### **Outstanding Share Data**

At the date of this MD&A, the following is a description of the outstanding equity securities and exercisable securities previously issued by the Company:

	<b>Authorized</b>	<b>Description of Securities</b>
Voting or equity securities issued and outstanding	Unlimited common shares	7,065,000 common shares (2,065,000 deposited in escrow)
Options issuances and outstanding	Up to a maximum of 10% of common shares outstanding	565,200 options to acquire 565,200 common shares
Warrants issued and outstanding	Agent option to acquire 500,000 common shares	500,000 warrants to acquire 500,000 common shares

### **Financial Instruments and Risk Factors**

The Company's financial instruments consist of cash, investment in short-term GIC, loan receivable and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency or liquidity risks arising from its financial instruments. The Company is exposed to significant credit risk on the loan receivable (see "Financial Risk Factors" section).

### **Liquidity and Capital Resources**

As at September 30 2022, Meteorite had net working capital of \$88,646 (December 31, 2021 - \$128,021) comprised of cash and an investment in a short-term GIC offset by accounts payable and accrued liabilities. As a result, the Company is not exposed to significant liquidity risk, and has sufficient funds to meet its ongoing obligations and to meet its objective of completing a Qualifying Transaction. Meteorite does not generate revenue from operations and any significant improvements in working capital would result from the issuance of share capital.

The Company manages its capital structure and makes adjustments to it based on the funds available to the Company, in order to support the potential Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and total shareholders' equity.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine-month period ended September 30, 2022. In accordance with the TSX-V Policy 2.4 and until completion of a Qualifying Transaction, the Company will be subject to constraints related to the use of the funds obtained through the sale of its common shares.

### **Contractual Obligations**

The Company has no long-term debt outstanding or contractual obligations.

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

The Company has no off-balance sheet arrangements.

### **Financial Risk Factors**

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

#### *Credit risk*

Financial instruments that subject the Company to credit risk consist of cash, investment in short-term GIC and the loan receivable. The Company limits its exposure to credit loss by placing its cash and holding its GIC with a major financial institution. The Company is exposed to credit risk on the loan receivable and as a result of the overdue payments by the counterparty as well as other factors considered by management, the Company recognized a provision for expected credit losses totaling \$231,901 related to this loan. No additional expected credit losses were recognized during the 9-month period ended September 30, 2022.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company's current assets exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

### *Market risk*

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

#### *a) Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2022, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

#### *b) Price risk*

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

### **Critical Accounting policies and Estimates updated**

Critical accounting estimates are those estimates that have a high degree of uncertainty and for which changes in those estimates could materially impact the Company's results.

#### *Expected credit losses*

Management determines expected credit losses by evaluating individual receivable balances and considering the counterparty's financial condition and current economic conditions. Receivable balances are written off when deemed uncollectible. Recoveries of receivable balances previously written off are recorded as income when received.

#### *Stock based compensation*

Management used the Black-Scholes model to estimate the fair value of stock options and warrants issued. The estimated life of the stock options and warrants at the grant date is based on the legal life of the equity instruments and the expected exercise pattern of the holders. The expected volatility used to calculate the grant date fair value is estimated taking into account the historical volatility of similar companies' share prices over the expected term of the stock options and warrants granted.

Actual results could differ from those estimates.

### **Subsequent Events**

- (i) On October 7, 2022, the Company partially redeemed \$10,000 of its short-term GIC and the remaining balance of \$103,718 was reinvested in a new short-term GIC.
- (ii) On November 1, 2022, the Company announced that it has signed a binding letter agreement (the "Letter Agreement") with Kobo Resources Inc. ("Kobo"), a privately held corporation existing under the laws of Québec, which outlines the general terms and conditions pursuant to which the Company and Kobo have agreed to complete a transaction that will result in a reverse take-over of the Company by the shareholders of Kobo (the "Transaction"). The Letter Agreement was negotiated at arm's length and is effective as of November 1, 2022.

The Transaction is then expected to proceed by way of a three-cornered amalgamation to which Kobo shall amalgamate with a wholly-owned subsidiary of the Company, and the Company will acquire all of the issued and outstanding common shares of Kobo, in exchange for the Company's common shares such that Kobo will be a wholly-owned subsidiary of the Company as it exists following the completion of the Transaction (the "Resulting Issuer"). As of the date hereof, the final valuation of Kobo and of the Resulting Issuer have not been finalized. At this stage, the parties have agreed that the valuation of the Company shall be \$282,600 at \$0.04/per share following a reverse split on a five-for-one basis. However, provided that Meteorite is successful in recuperating some of the advances made to Sparkit, the Company may be able to increase its pre-RTO Transaction value. The valuation of Kobo will be subject to an ongoing private placement currently being conducted by Kobo, priced at \$0.20 per share ("Private Placement I") and the final pricing of Private Placement II (as defined below) and the policies of the TSXV. The current estimate of the pre-money value of Kobo (as of October 31, 2022), is \$11,469,200 on a fully-diluted basis (outstanding Kobo Shares, options and warrants but excluding the ongoing Private Placement I).

It is anticipated that a private placement with aggregated gross proceeds of no less than \$3,000,000 ("Private Placement II" and together with Private Placement I, collectively the "Private Placements") will be undertaken by Kobo to be completed on or prior to the closing of the Transaction whereby securities of Kobo will be issued at a price to be determined by the parties hereto and any investment dealers assisting in the financing based on market conditions and in compliance with the applicable securities laws and policies of the TSXV. The final pricing, the type of securities to be issued including, without limitation, subscription receipts, the amount of Private Placement II as well as the terms and conditions shall be satisfactory to the parties hereto and all documentation in connection therewith shall be satisfactory to the respective legal counsels of Kobo and Meteorite. It is expected that, upon completion of Private Placement II, the funds raised will be used as follows: (i) approximately \$1,500,000 for exploration on the Kossou Permit (ii) approximately \$600,000 for exploration on the Bongouanou Permit, and (iii) the balance of approximately \$900,000 for operating and general corporate expenses, including those related to the Transaction.

### **Additional Information**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).