

METEORITE CAPITAL INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

April 29, 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 April 29, 2022 covers the period ending December 31, 2021 and should be read in conjunction with the audited financial statements of the Company and the notes thereto for the periods ended December 31, 2021 and 2020, 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 financial statements and the MD&A for the period ending December 31, 2021. Additional information on the Company is also available on SEDAR at 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.

The Company is currently evaluating acquisition opportunities with a view to completing its Qualifying Transaction.

Results of Operations

As of December 31, 2021, the Company had no operations other than evaluating acquisition opportunities with a view to completing a qualifying transaction.

For the year ended December 31, 2021, Meteorite earned interest income of \$18,991 (December 31, 2020 \$19,980), incurred net losses and comprehensive losses of \$374,830 (December 31, 2020 \$117,977) and incurred total operating expenses of \$393,821 (December 31, 2020 - \$137,957). These expenses are mainly related to the recording of an impairment loss, professional fees, stock-based compensation, and listing fees. During the year ended December 31, 2021, \$158,640 (December 31, 2020 - \$NIL) of deferred share issue costs were expensed as professional fees.

Working capital as at December 31, 2021 was \$128,021 compared to \$502,851 as at December 31, 2020.

Selected Financial Information

A summary of selected financial information for the year ended December 31, 2021 and December 31, 2020 is set out below:

	December 31, 2021	December 31, 2020
Net loss and comprehensive loss	\$(374,830)	\$(117,977)
Basic and fully diluted loss per share	(0.05)	(0.02)
Total expenses	393,821	137,957
Total assets	175,290	595,768
Cash (used in) provided by operations	(63,319)	24,745
Long-term financial liabilities	Nil	Nil

For the years ended December 31, 2021 and 2020, the Company reported no discontinued operations and declared no cash dividends.

During year ended December 31, 2021, \$158,640 (December 31, 2020 - \$NIL) of deferred share issue costs were expensed as professional fees.

Summary of Quarterly Results

	3 Months Ended December 31 2021	3 Months Ended September 30 2021	3 Months Ended June 30 2021	3 Months Ended Mar 31 2021	3 Months Ended Dec 31 2020	3 Months Ended Sept 30 2020	3 Months Ended June 30 2020	3 Months Ended Mar 31 2020
Interest income	\$ 4,160	\$ 4,063	\$ 3,982	\$ 6,786	\$ 4,292	\$ 3,364	\$ 1,004	\$ 11,320
Impairment loss	189,413	-	-	-	57,975	-	-	-
Professional fees	17,956	156,835	4,308	3,822	21,297	5,384	21,218	5,000
Stock-based compensation	-	-	-	-	-	5,594	8,267	4,620
Listing fees	11,497	575	7,415	690	(11,498)	11,498	-	5,979
Investor relations	81	-	1,012	-	499	434	1,017	-
Transaction costs	-	-	-	-	-	-	575	-
Taxes and licenses	-	92	-	-	-	-	-	-
Bank charges and interest	21	23	55	26	32	30	16	20
Net earnings (loss) and comprehensive earnings (loss)	(214,808)	(153,462)	(8,808)	2,248	(64,013)	(19,576)	(30,089)	(4,299)
Earnings (loss) per share*	(0.05)	0.00	0.00	0.00	(0.01)	(0.00)	(0.00)	(0.00)

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

This summary of quarterly results should be read in conjunction with the condensed interim financial statements and related notes included in the Company's financial statements as at December 31, 2021.

Discussion of Operations for the Year Ended December 31, 2021

Loss and comprehensive loss for the year ended December 31, 2021 was \$374,830 compared to \$117,977 for 2020. The increase in the loss by \$256,853 is primarily due to an increase in professional fees of \$130,022, an increase in impairment losses of \$131,438, an increase in listing fees of \$14,198 and a decrease in stock-based compensation of \$18,481.

Discussion of Operations for the Three Months Ended December 31, 2021

For the three-month period ended December 31, 2021, net loss and comprehensive loss was \$214,808, an increase of \$150,795 compared to the same period in 2020. The increase of the loss is primarily due to the increase of the impairment loss \$131,438, decrease in 2021 professional fees of \$3,341 and an increase of listing fees of \$22,995.

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 year ended December 31, 2021, a law firm of which an officer, director and shareholder of the Company is a partner, provided legal services in the amount of \$12,764 (December 31, 2020 - \$111,731), of which \$NIL related to the anticipated brokered private placement offering (Note 5) and had been recorded within deferred share issue costs). As at December 31, 2021, accounts payable and accrued liabilities include an amount of \$30,522 (December 31, 2020 - \$67,335) 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:

	Authorized	Description of Securities
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 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, credit or liquidity risks arising from its financial instruments.

Liquidity and Capital Resources

As at December 31 2021, Meteorite had net working capital of \$128,021 (December 31, 2020 - \$502,851) comprised of cash, an investment in a short-term GIC and a loan receivable 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 of a 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 year ended December 31, 2021. 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 potentially subject the Company to credit risk consist primarily of cash and 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, an expected credit loss of \$189,413 was charged to earnings in the 2021 year (2020 - \$57,975).

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 December 31, 2021, 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 December 31, 2021, 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.

COVID-19 Health Crisis risk

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.

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.

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.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com.