

**DEPARTURE BAY CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THIRD QUARTER ENDED NOVEMBER 30, 2023**

Background

This management's discussion and analysis ("MD&A") of the operations, results, and financial position of Departure Bay Capital Corp. ("the Company") for the interim period ended November 30, 2023 should be read in conjunction with the Company's condensed interim financial statements of the same period ended along with the notes to these same financial statements. In addition, the MD&A should be read in conjunction with the audited financial statements for the year ended February 28, 2023 along with the notes to those financial statements.

The effective date of this report is December 29, 2023.

The Company's referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), and interpretations of the IFRS Interpretations Committee ("IFRIC") issued and outstanding as at February 28, 2023. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR+ at www.sedarplus.ca.

Company Overview

Departure Bay Capital Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on February 16, 2022. The Company is classified as a Capital Pool Company as defined in the TSX Venture Exchange (the "Exchange") Policy 2.4. The principal business of the Company is the identification and evaluation of a Qualifying Transaction ("QT") and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. On October 26, 2022, the Company's common shares were listed on the Exchange under the symbol "DBC.P" and began trading on October 28, 2022.

The head office, principal address and registered office of the Company are located at Suite 228 – 1122 Mainland Street, Vancouver, B.C. V6B 5L1, Canada.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of an interest in assets or businesses which qualifies as a QT. Such an acquisition or investment will be subject to regulatory approval and may or may not require additional financing. There is no assurance that the Company will be able to complete a QT or that it will be able to secure the necessary financing to complete a QT. If the Company does not meet these requirements, the Exchange may suspend from trading or delist the shares of the Company.

Initial Public Offering and Qualifying Transaction

The Company completed its initial public offering ("IPO") on October 26, 2022, and intends to use the net proceeds to identify and evaluate potential Qualifying Transaction ("QT") pursuant to the policies of the Exchange.

Overall Performance

The Company was incorporated on February 16, 2022. The Company does not have any operations to the date of this document and, until it completes a Qualifying Transaction, will not conduct any business other than the identification and evaluation of businesses and assets for potential acquisition.

As at November 30, 2023, the Company accumulated deficit of \$149,948. The Company's potential completion of a QT and recurring operating losses and working capital needs may require that it obtain additional capital to continue its operation. Such outside capital may include the sale of additional common shares. During the period ended November 30, 2023, the Company's cash balance decreased to \$159,928 from \$193,418. The decrease is due to overhead expenses paid.

There can be no assurance that capital will be available as necessary to meet the Company's needs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in a significant dilution in the equity interests of its current shareholders.

SELECTED QUARTERLY RESULTS

The following table contains selected financial information for the last eight quarters:

<i>Quarters Ended:</i>	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023
	\$	\$	\$	\$
Total expenses ⁽¹⁾	6,828	11,225	3,422	23,510
Less interest income	-	-	-	-
Net loss and comprehensive loss	(6,827)	(11,225)	(3,422)	(23,510)
Basic & diluted loss per share	(0.01)	(0.01)	(0.00)	(0.01)

<i>Quarters Ended:</i>	November 30, 2022	August 31, 2022	May 31, 2022	From February 16, 2022 (date of incorporation) to February 28, 2022
	\$	\$	\$	\$
Total expenses ⁽¹⁾	61,411	18,167	17,385	8,000
Less interest income	-	-	-	-
Net loss and comprehensive loss	(61,411)	(18,167)	(17,385)	(8,000)
Basic & diluted loss per share	(0.03)	(0.01)	(0.01)	(0.00)

(1) Total expenses include professional fees, regulatory and filing fees, administrative, office and bank charges.

During the three and nine months ended November 30, 2023, the Company had a net loss of \$6,828 and \$21,475 compared to a net loss of \$61,411 and \$96,963 in the comparable period. The Company incurred increased costs relating to its initial public offering in the prior period which did not occur again in the current reporting period.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional financial information is available in the Company's condensed interim financial statements for the period ended November 30, 2023. These statements are available on SEDAR+ at www.sedarplus.ca.

The following addresses the specific disclosure requirements for venture issues without significant revenues:

- Capitalized or expensed exploration and development costs – Not applicable
- Expensed research and development costs – Not applicable
- Deferred development costs – Not applicable
- General administrative expenses – the financial information is presented in the Statement of Loss and Comprehensive Loss in the financial statements.
- Any material costs, whether capitalized, deferred or expensed, not referred to in (a) through (d) – None.

Profits

At this time, the issuer is not anticipating profit or revenue from operations. The issuer will report an annual deficit and quarterly deficit and will rely on its ability to obtain equity financing to fund its search for a QT. For information concerning the business of the issuer, please see “Company Overview”.

Liquidity

On February 16, 2022, the Company issued 2,000,000 common shares at \$0.05 per share to the directors of the Company for proceeds of \$100,000 which were received during the year ended February 28, 2023. All common shares acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

On March 18, 2022, the Company issued 500,000 common shares at a price \$0.05 per share.

The Company completed its IPO on October 26, 2022 in which is distributed 2,000,000 common of the Company at a price of \$0.10 per common share for gross proceeds of \$200,000. The Company paid \$20,000 in cash finder’s fees, paid \$33,000 in share issuance costs comprising a corporate finance fee and agents’ costs, and issued 200,000 broker warrants exercisable into one common share of the Company at \$0.10 per share expiring October 26, 2027.

Capital Resources

On February 16, 2022, the Company issued 2,000,000 common shares at \$0.05 per share to the directors of the Company for proceeds of \$100,000 which were received through the year ended February 28, 2023.

On March 18, 2022, the Company issued 500,000 common shares at a price \$0.05 per share.

All common shares acquired in the secondary market prior to the completion of a QT by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer will also be subject to escrow.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the identification and evaluation of a QT and continue as a going concern. The Company considers capital to be all accounts in equity. 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. Additional funds may be required to finance the Company’s QT. The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4, which will apply following the completion of the IPO. These expenditure restrictions limit the Company’s on-going expenditures to reasonable expenditures relating to the IPO, reasonable expenses relating to a proposed Qualifying Transaction, assurance and audit fees, escrow agent and transfer agent fees, regulatory filing fees and a maximum of \$3,000 per month for other general and administrative costs. The Company’s approach to capital management has not been changed from prior year.

There is no assurance that the Company will be able to identify a suitable business, asset or property as its Qualifying Transaction. Furthermore, even if a QT is identified, there can be no assurance that the Company will be able to complete the transaction.

If the Company identifies a QT, it may be necessary for the Company to seek additional financing. Capital markets may not always be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings, under terms that would be acceptable for the Company.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions between Related Parties

During the nine months ended November 30, 2023, there were no related party transactions or balances owing.

Proposed Transaction

None.

Critical Accounting Estimates and Judgments

The preparation of the referenced financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Management believes the estimates and assumptions used in the Company's financial statements are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

The Company's significant accounting judgments and estimates have been applied in the Company's financial statements:

Judgements:

- (i) The evaluation of the Company's ability to continue as a going concern

Financial Instruments

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI.

At present, the Company classifies all financial assets as held at amortized cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method.

- Fair value through OCI (“FVOCI”): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.

Financial liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities, are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

At present, the Company classifies all financial liabilities as held at amortized cost.

As at November 30, 2023, the Company’s financial instruments consist of cash and accounts payable and accrued liabilities. The Company believes that the carrying values of cash, and accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

The risk exposure arising from these financial instruments is summarized as follows:

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. As of November 30, 2023, the Company’s exposure to credit risk is minimal.

(b) Liquidity risk

The Company’s approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company’s ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on future support of shareholders through public or private equity offerings. Refer to Note 1 of the financial statements, Nature of Operations and Going Concern.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company’s income or value of its holdings or financial instruments. The Company’s activities have only been transacted in Canadian dollars since incorporation; in addition, the Company carries no interest-bearing debt. As such, the Company has minimal market risks facing it at present.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of Class A common shares and an unlimited number of Class B preferred shares without par value. No Class B preferred shares have been issued to date.

As at the date of this MD&A, the Company had 4,500,000 common shares issued and outstanding; 200,000 broker warrants; and 450,000 stock options. Included in the outstanding common shares and stock options are 2,500,000 common shares and 450,000 stock option held in escrow.

New accounting standards and interpretations

There were no new standards effective November 30, 2023 that had any impact on the Company's financial statements or are expected to have a material effect in the future.

Risks and Uncertainties

The Company's financial performance is likely to be subject to the following risks:

1. The Company has not commenced commercial operations, has no assets other than cash. The Company has no history of earnings, and will not generate earnings to pay dividends until at least after the completion of the Qualifying Transaction.
2. Until completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions.
3. The Company only has limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction.
4. If the Company fails to identify a business or assets that warrant acquisition or participation within the time limits set under the policies of the Exchange, the Exchange may de-list the Company's shares from trading.
5. If a Qualifying Transaction is completed, there can be no assurance that an active and liquid market for the Company's common shares will develop and investors may find it difficult to resell the common shares.

Disclosure Controls and Procedures

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Forward-Looking Statements

This MD&A contains forward-looking statements. All statements, other than statements of historical fact, constitute "forward-looking statements" and include any information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company's strategy, plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance.

Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. All such forward-looking information and statements are based on certain assumptions and analyses made by the Company's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed, implied by or projected in the

forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include but are discussed in Risks and Uncertainties.

There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. Except as required by law, the Company does not intend to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.