

LIQUID META CAPITAL HOLDINGS LTD

Management Discussion and Analysis

for the three months and the year ended

May 31, 2024

The following Management's Discussion and Analysis ("MD&A") comments on the audited financial condition and results of operations of Liquid Meta Capital Holdings Ltd. ("Liquid Meta" or the "Company") as at and for the year ended May 31, 2024. All data in this MD&A has been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A should be read in conjunction with Liquid Meta's audited financial statements for the years ended May 31, 2024 and 2023 (the "Financial Statements"). The results presented in the MD&A are not necessarily indicative of the results that may be expected for any future period.

Unless the context otherwise requires, all references to "Liquid Meta", "Company", "our", "us", and "we" refers to Liquid Meta Capital Holdings Ltd.

This MD&A is dated August 28, 2024. All amounts are presented in US dollars, unless otherwise noted.

Additional information related to Liquid Meta is available on the Company's profile on SEDAR+ at www.sedarplus.com.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains forward-looking statements. All information 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 "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions (including negative variations) suggesting future outcomes or statements regarding an outlook. In particular, this MD&A contains forward-looking statements with respect to, among other things, our objectives, goals, strategies, intentions, plans, estimates, outlook, expected growth and business opportunities. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties and undue reliance should not be placed on such statements.

Forward-looking 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. Certain material factors or assumptions are applied in making forward-looking statements, including without limitation, factors and assumptions regarding revenues, operating costs and tariffs, taxes and fees, changes in market competition, governmental or regulatory developments, changes in tax legislation and general economic conditions. Actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the Company's ability to develop various decentralized finance software applications which are considered financially viable; the sufficiency of the Company's cash and cash generated from operations to meet its working capital and capital expenditure requirements; the ability of the Company to raise sufficient capital to fund operations and meet its financial obligations; and changes in accounting standards. The Company has made certain assumptions about the Company's business, the economy and digital currencies, decentralized finance and blockchain sectors in general and has also assumed that there will be no significant events occurring outside of the Company's normal course of business.

The Company cautions you that the foregoing list may not contain all of the forward-looking statements made in this MD&A. The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits that the Company will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive. Readers are cautioned not to place undue reliance on the forward-looking information contained in this MD&A, as a number of factors – many of which are beyond our control and the effects of which are difficult to

predict – could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information. All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this document are made as at the date of this document and Liquid Meta does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. All of the forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Non-IFRS Measure

The Company has included herein certain supplemental measures of key performance, such as net loss excluding non-cash charges. The term "net loss excluding non-cash charges" refers to net earnings (loss) before share-based compensation. The Company believes that net loss excluding non-cash charges is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration the items listed above. The MD&A presents a net loss excluding non-cash charges, as a non-IFRS financial measure, to assist readers in understanding the Company's performance during the period in discussion herein. Please refer to "Net loss excluding non-cash charge" table on page 7 of this MD&A for a reconciliation of net loss excluding non-cash charges to the "Issuer's GAAP" (as such term is defined in National Instrument 52-107 Acceptable Accounting Principles and Auditing Standards). This non-IFRS measure does not have any standardized meaning and is therefore unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Corporate Overview and Nature of Business

Liquid Meta was incorporated provincially under the Business Corporation Act (British Columbia) on January 6, 2020 as Liquid Meta Capital Holdings Ltd. Liquid Meta's registered office is located at 700-401 West Georgia Street, Vancouver, British Columbia, V6B 5A1. The Company is a public company whose common shares trade on the CBOE Canada under the symbol "LIQD".

Prior to discontinuing its operations, Liquid Meta was a technology-enabled company that was building proprietary software and tools to access, automate, and scale operations within the fast-growing DeFi segment of the blockchain industry. Liquid Meta was a DeFi and Web3 focused company and was developing best-in-class technology and operational expertise allowing it to build a scaled business within proof-of-stake ("PoS") based networks (see "Proof-of-Stake" for more information).

Liquid Meta was focused on the DeFi segment of the digital asset ecosystem through its Liquidity Mining business. Further, Liquid Meta's focus was to scale its liquid mining operations through consistent fee generation, not necessarily through exposure to the volatility of digital asset prices themselves. Gaining exposure to digital assets such as Bitcoin and Ethereum has become much simpler for retail and institutional investors alike, Liquid Meta was building what it believed was core infrastructure and a business model that was sustainable over the long term in the sector.

Liquidity Mining is the practice of staking digital assets across one or many blockchain-based protocols or applications, such as Uniswap or Sushiswap, through liquidity pools. A liquidity pool is a pool of tokens that are locked in smart contracts that interact with a decentralized exchange ("DEX") to facilitate the exchange of digital assets. Every time a transaction occurs within the liquidity pool, the protocol generates a service fee for the transaction, a portion of which is distributed to liquidity providers in the form of fees for providing a service to the

protocol. Additionally, in some cases, liquidity miners can also earn protocol reward tokens by protocols and applications, which are offered as incentives and additional revenue-generating opportunities for liquidity miners for interacting and providing liquidity to various protocols.

Liquid Meta was liquidity mining across many blockchain-based protocols or applications across Decentralized Exchanges. In exchange for providing this liquidity, Liquid Meta was distributed a fee. Liquidity Mining was the primary focus of the company's operations prior to discontinuing its operations.

On December 21, 2022, the Company announced that it initiated a process to evaluate potential strategic alternatives and that it was pausing the development of its proprietary software. Further, on March 9, 2023, the Company announced that its board of directors had concluded the initial phase of its previously announced strategic review process, as disclosed in the Company's press release dated December 21, 2022. Subsequently, on May 29, 2023, the Board determined that it is desirable and in the best interest of the Company to discontinue the operations of the Company's liquidity crypto mining business and discontinue the development of the Company's MetaBridge technology. Since then, the Company's operational focus has been, and continues to be, on identifying and investigating potential strategic transactions or alternatives for the Company. As part of its strategic review process, the Board of Directors continues to evaluate potential strategic alternatives to preserve or maximize shareholder value, including, among other things, consider a range of options that may include, but are not limited to, a sale, merger, divestiture, return of capital, other strategic transactions, or continuing to operate as an independent public company. The Company is in the process of evaluating its future business operations and will provide an update once details are available. Please refer to the "notes receivable" disclosure for additional details.

Highlights for the three months and the year ended May 31, 2024

- Total net revenues earned from providing liquidity in liquidity pools of $139,241 and $139,441 for the three months and the year ended May 31, 2024, respectively versus $181,105 and $411,472 for the three months and the year ended May 31, 2023, respectively.

- Net revenue was $343,599 and $548,218 for the three months and the year ended May 31, 2024 of which $303,968 pertains to income from Guaranteed Investment Certificates (GICs) and term deposits as well as its notes receivable.

- On August 8, 2023, The Company issued 970,000 options at an exercise price of $0.075 CAD to directors. The options expire on August 8, 2028. The vesting schedule is as follows:

  • 485,000 options shall vest on August 8, 2023;
  • 485,000 options shall vest on August 8, 2024

Overall Performance, Selected Quarterly Information & Discussion of Operations

- In early November 2022, the second largest cryptocurrency exchange FTX collapsed following a report by market research group CoinDesk highlighting potential leverage and solvency concerns involving FTX-affiliated trading firm Alameda Research. The exchange quickly looked for a capital bailout but was unable to source a capital commitment from any strategic market participants. On November 11, 2022, FTX filed for bankruptcy. The FTX 'bank-run', alleged misappropriation of customer deposits and bankruptcy filing was one of the largest and most damaging events in the history of the cryptocurrency industry.

  At the time of the bank-run, Liquid Meta had $4.9M in total deposits on the FTX platform. The company was

unable to withdraw its deposits ahead of the halting of activity on the exchange and subsequent bankruptcy. As of November 11, 2022, net assets exposure to FTX was approximately $3.8M. In November 2023, Liquid Meta successfully transferred its claim against FTX Trading Ltd. As per the contract, in exchange for Liquid Meta's net claim for the full value of the loss, Liquid Meta received $1,428,099.

- As at May 31, 2024, on average, the Company held 61.3% of its assets in cash & cash equivalents.

Selected Annual Information

Selected financial information of the Company for the most recent 3 fiscal years is provided below:

	2024	**2023**	**2022**
	$	$	$
Net gain (loss) on digital assets	104,809	(1,034,449)	4,740,467
Net realized gain (loss) and revenues earned from providing liquidity in liquidity pools	139,441	411,472	(4,345,018)
Staking Revenue	-	44,679	-
Interest income	303,968	333,799	6,478
Net revenue (costs)	**548,218**	**(244,499)**	**401,927**
Total expenses	**(1,009,682)**	**(6,786,896)**	**(7,476,615)**
Net Profit/ (loss) from operations	1,557,900	(7,031,395)	(7,074,688)
Basic income (loss) per Share	0.03	(0.13)	(0.17)
Diluted income (loss) per Share	0.03	(0.13)	(0.17)
Total assets	6,125,008	4,677,516	21,979,475
Non-current liabilities	-	-	-
Cash dividend	-	-	-

Selected financial information for the 4the quarterly ended May 31,	**2024**	**2023**
	$	$
Net gain (loss) on digital assets	98,376	(337,166)
Net realized gain (loss) and revenues earned from providing liquidity in liquidity pools	139,241	181,105
Staking Revenue	-	44,679
Interest income	105,982	167,271
Net revenue (costs)	**343,599**	**55,889**
Total expenses	**30,819**	**205,163**
Net Profit/ (loss) from operations	312,780	(149,274)
Basic income (loss) per Share	0.01	(0.01)
Diluted income (loss) per Share	0.01	(0.01)

The Company reported net revenues for the three months and the year ended May 31, 2024, of $343,599 and $548,218 respectively. Net revenues (costs) for the three months and the year ended May 31, 2023, were $55,889 and $(244,499) respectively. Net revenues (costs) for the three months and the year ended May 31, 2022, were $443,078 and $401,927 respectively.

Net operating profit for the three months and the year ended May 31, 2024, was $312,780 and $1,557,900 respectively. Net loss for the three months and the year ended May 31, 2023, was $(149,274) and $(7,031,395) respectively. Net loss for the three months and the year ended May 31, 2022, was $(2,337,611) and $(7,074,688) respectively. Basic and diluted income per share for the three months and the year ended May 31, 2024, was $0.01 and $0.03, respectively. Basic and diluted loss per share for the three months and the year ended May 31, 2023, was $0.01 and $0.13, respectively. Basic and diluted loss per share for the three months and the year ended May 31, 2022, was $0.04 and $0.17, respectively.

Liquid Meta generated revenue from providing liquidity to various proof-of-stake ("PoS") based networks and receives a share in total transaction fees collected from the LP's and token rewards. Total revenue earned from providing liquidity in liquidity pool for the three months and the year ended May 31, 2024, were $139,241 and $139,441 respectively. Total revenue earned from providing liquidity in liquidity pools for the three months and the year ended May 31, 2023, were $181,105 and $411,472 respectively. Total revenue earned from providing liquidity in liquidity pools for the three months and the year ended May 31, 2022, were $(3,488,983) and $(4,345,018) respectively.

During the year ended May 31, 2022, the crypto market experienced significant growth. In contrast, during the year ended May 31, 2023, the market suffered a significant decline due to several events such as the collapse of UST (a digital token that was intended to be pegged 1:1 to the U.S. dollar) and the FTX exchange going bankrupt. As such, there was a significant decrease in net revenue.

In addition, both revenue and expenses decreased significantly following the Company's decision to cease its business activity during the year ended 2023.

Summary of quarterly results

	Quarter ended May 31, 2024 $	**Quarter ended February 29, 2024** $	**Quarter ended November 30, 2023** $	**Quarter ended August 31, 2023** $	**Quarter ended May 31, 2023** $	**Quarter ended February 28, 2023** $	**Quarter ended November 30, 2022** $	**Quarter ended August 31, 2022** $
Revenue	343,599	88,479	55,493	60,647	55,889	87,833	(775,354)	387,134
Expenses (recovery)	30,819	118,620	(1,273,077)	113,955	205,163	528,508	4,861,059	1,219,056
Net income (Loss)	312,780	(30,141)	1,328,570	(53,308)	(149,274)	(440,675)	(5,636,413)	(831,922)
Net income (loss) per share	0.01	(0.00)	0.03	(0.00)	(0.01)	(0.01)	(0.10)	(0.02)

The material variances between quarters are outlined below:

During the quarter ended May 31, 2024, the Company recorded $237,617 in revenue in relation to digital assets. Of this, $139,411 relates to tokens received as a direct result of the Company's contributions to protocols before ceasing operations. These tokens were not released until the year ended May 31, 2024 and had not been announced during the prior years. The remaining amount relates to a net gain on the tokens held at year end.

During the quarter ended Feb 28, 2023, the company finalized the shutdown of operations along with the termination of the Company's remaining employees resulting in a decrease in expenses for the subsequent quarters.

During the quarter ended November 30, 2022, the Company wrote off its digital holdings in FTX of $3.8M. During the quarter ended November 30, 2023, the Company sold its related claim for $1.4M.

Net loss primarily consisted of the following operating expenses:

	For the three months ended May 31		For the year ended May 31	
Operating expenses	**2024**	**2023**	**2024**	**2023**
	$	$	$	$
Impairment (recovery) loss on financial assets – net	-	(95,499)	(1,428,099)	3,930,218
Share-based compensation (i)	4,963	306,126	35,767	724,080
Professional fees (ii)	19,438	(41,360)	283,483	718,229
General and administrative	(1,340)	26,597	59,728	501,547
Regulatory fees	6,505	3,555	21,052	32,781
Interest expense – digital assets	-	-	-	306,345
Research and development	-	739	-	296,864
Information technology	(1,985)	(7,901)	1,655	114,391
Penalties and Settlements	-	-	1,110	60,877
Advertising, marketing and investor relations	-	8,328	8,241	52,789
Direct transaction costs	-	-	43	47,003
Depreciation	807	807	3,228	3,228
Exchange Gain/Loss	2,431	3,771	4,110	(1,456)
Total operating expenses	**30,819**	**205,163**	**(1,009,682)**	**6,786,896**

Notes:

i. Value of options and warrants that were recognized during the period of respective three months and for the year respectively.

ii. Primarily consists of legal, audit, and accounting fees, and management compensation (see related party transactions).

Liquidity and Capital Resources

As of May 31, 2024, the Company had total assets of $6,125,008 which primarily consisted of cash and cash equivalents of $3,756,086, USD coin of $617, digital assets of $237,000, amounts receivable of $99,368, prepaid expenses of $31,937 and notes receivable of $2,000,000. The Company had total liabilities of $74,122 which is comprised of accounts payable and accrued liabilities of $74,122.

As of May 31, 2023, the Company had total assets of $4,677,516 which primarily consisted of cash and cash equivalents of $4,595,666, USD coin of $1,320, digital assets of $6,845, amounts receivable of $12,066, prepaid expenses of $56,366, and equipment of $5,253. The Company had total liabilities of $220,297 which is comprised of accounts payable and accrued liabilities of $213,194 and digital asset loans payable (USD coin) of $7,103.

For the period from June 1, 2023 to May 31, 2024, the Company experienced cash inflows of $1,160,420 from operating activities and cash outflows of $2,000,000 from investing activities.

For the period from June 1, 2022 to May 31, 2023, the Company experienced cash inflows of $14,950,552 from operating activities, cash outflows of $5,498 from investing activities and cash out flows of $10,767,449 from financing activities.

The Company's objectives when managing its capital are to safeguard its ability to continue as a going concern, to meet its capital expenditures for its continued operations, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. The Company manages its capital structure and adjusts it considering changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, or acquire or dispose of assets. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. The Company considers its shareholders' equity balance and borrowings as capital.

Off-Balance Sheet Arrangements

The Company has not entered any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivatives instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

Related Party Transactions

The Company's related parties consist of entities where the executive officers and directors of the Company are principals. Their position in these entities results in their having control of or significant influence over the financial or operating policies of these entities.

Key management personnel includes those having the authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly. The Company has determined its key management personnel to be executive officers and directors of the Company.

a) Included in accounts payable and accrued liabilities as at May 31, 2024 is $nil (May 31, 2023 - $16,544) payable to a significant shareholder and $10,986 payable and accrued to officers of the company as at May 31, 2024 (May 31, 2023 - $27,263).

b) Included in professional fees, are expenses for the year ended May 31, 2024 of $162,866 incurred with officers of the Company (2023 - $382,927).

c) Included in the share-based compensation for the year ended May 31, 2024 is $35,767 incurred with directors and officers of the Company (2023 – $573,170).

d) Included in general and administrative, is payroll for the year ended May 31, 2024 of $nil incurred with directors and officers of the Company (2023 - $138,500).

Issued and outstanding share data

As of August 28, the Company had 53,837,246 common shares issued and outstanding.

Options

The following table is a summary of the Company's options outstanding as at August 28, 2024:

As at August 28, 2024		
Outstanding	Exercise price	Expiry date
#	$	
970,000	0.075 CAD	August 8, 2028

Warrants

The following table is a summary of the Company's warrants outstanding as at August 28, 2024:

As at August 28, 2024		
Outstanding	Exercise price	Expiry date
#	$	
437,044	0.28	May 1, 2026

Capital Management

The Company's capital management objectives are to preserve capital, especially during difficult macro-economic environments. The company can at times increase its cash and cash equivalents on its balance sheet to preserve its financial integrity. The Company defines capital as the aggregate of its share capital and borrowings.

The Company manages its capital structure in accordance with changes in economic conditions. To maintain or adjust its capital structure, the Company may elect to issue or repay financial liabilities, issue shares, repurchase shares, pay dividends or undertake any other activities as deemed appropriate under specific circumstances. The Company is not subject to any externally imposed capital requirements.

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

Financial Risk Management

Carrying values of financial instruments as at May 31, 2024 and May 31, 2023 are as follows:

	As at May 31, 2024	As at May 31, 2023
	$	$
Financial assets		
FVTPL, measured at fair value		
Notes receivable	2,000,000	-
Financial assets, measured at amortized costs		
Cash and cash equivalents	3,756,086	4,595,666
Amounts receivable	99,368	12,066
USD coin	617	1,320
Financial liabilities, measured at amortized costs:		
Accounts payable and accrued liabilities	74,122	213,194
Digital asset loans payable – USD coin	-	7,103

The Company has determined the estimated fair value of its financial instruments, if any, based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments, if any, are not materially different from their carrying values.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in levels 1 to 3 of the fair value hierarchy based on the degree to which inputs used in measuring fair value is observable:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. There are no financial instruments measured at fair value which are classified as Level 1.

Level 2 – inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). There are no financial instruments measured at fair value which are classified as level 2.

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company's level 3 financial instruments are restricted to notes receivable. The convertible promissory notes of a privately held company are not quoted on an exchange. Management believes that the fair value of the notes receivable have not changed since the initial purchase cost (refer to note 5).

Risk exposure and management

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum exposure to credit risk at the reporting date to recognized financial assets is the carrying amount of cash and cash equivalents, notes receivable and amounts receivable as disclosed in the statements of financial position.

The Company manages credit risk, in respect of cash and cash equivalents, by maintaining bank accounts at highly rated financial institutions. The notes receivable are secured against the assets and property of Cellview.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company manages liquidity risk by maintaining adequate cash reserves, by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

As at May 31, 2024 and 2023, the Company had working capital of $6,050,886 and $4,451,966, respectively.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and price risk. These are discussed further below.

I. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest-bearing financial instruments are limited to its cash and cash equivalents and notes receivable which are based on fixed interest rates. The Company does not have interest bearing debt and therefore is not exposed to significant interest rate risk.

II. Foreign currency risk

Currency risk relates to the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company holds positions in various crypto currencies which have a market value stated in US dollars. Exchange rate fluctuations affect the costs that the Company incurs in its operations. The Company's functional currency is the US dollar and major purchases are transacted in US dollars. The Company is not subject to material foreign currency risk.

III. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The company is not subject to material price risk.

Material Accounting Policies

The Company's material accounting policies and changes to them can be found in Note 3 of its audited financial statements for the year ended May 31, 2024.

Critical Accounting Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. 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 future periods affected.

Critical accounting judgments

(i) Functional currency
(ii) Accounting for and valuation of digital assets
(iii) the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

Risks

General Risks

Liquid Meta has a limited operating history

Liquid Meta has a limited history of operations and is in the early stage of development. As such, Liquid Meta will be subject to many risks common to early-stage enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that Liquid Meta will achieve its operating goals. There is no assurance that Liquid Meta will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that Liquid Meta will be able to earn material revenue or that any of its activities will generate positive cash flow.

Liquid Meta's compliance and risk management programs may not be effective

The Company's ability to comply with applicable laws and rules is largely dependent on the establishment and maintenance of compliance, review and reporting systems, as well as the ability to attract and retain qualified compliance and other risk management personnel, as needed. The Company cannot provide any assurance that its compliance policies and procedures will be effective or that it will be successful in monitoring or evaluating its risks. If there is any alleged non-compliance with applicable laws or regulations, The Company could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages, restitution or other remedies, which could be significant. Any of these outcomes, individually or together, may materially and adversely affect the Company's reputation, financial condition and valuation, and the value of its common shares.

Unexpected market disruptions may cause major losses for Liquid Meta

The Company may incur major losses in the event of disrupted markets and other extraordinary events in which market behavior diverges significantly from historically recognized patterns. The risk of loss in such events may be compounded by the fact that, in disrupted markets, many positions may become illiquid, making it difficult or impossible to close out positions against which markets are moving. Market disruptions caused by unexpected political, military and terrorist events, or other factors, may from time to time cause dramatic losses for Liquid Meta.

Notes receivable and subsequent events

On January 17, 2024, the company entered into a binding LOI with Cellview regarding the acquisition of all of the issued and outstanding shares of Cellview by the Company that would result in a reverse take-over of the Company by Cellview ("the Transaction"). Pursuant to the Transaction, the holders of the issued and outstanding Cellview Shares shall receive such number of common shares in the capital of the Company for each Cellview Share held such that upon completion of the Transaction, shareholders of Cellview would hold approximately 75% of the issued and outstanding shares of the Resulting Issuer while the shareholders of Liquid Meta would hold approximately 25% of the issued and outstanding shares of the Resulting Issuer, subject to adjustment in certain circumstances.

In connection with the binding LOI, on January 17, 2024, the Company advanced a bridge loan of $1,000,000 to Cellview pursuant to the terms of a secured convertible promissory note entered into between Cellview and the Company. The note yields interest at a rate of 15% per annum and the principal and accrued and unpaid interest of this note will be due and payable 12 months following the date of issuance unless earlier converted into shares in the capital of Cellview upon the completion of certain liquidity events.

On March 7, 2024, pursuant to the terms of the binding LOI with Cellview and the certain escrow agreement entered into by the Company in connection therewith, the $1,000,000 disbursement advanced to the escrow agent was released to Cellview in exchange for the issuance of a subsequent secured convertible promissory note by Cellview.

Unless earlier converted into shares in the capital of Cellview upon the completion of certain liquidity events, the principal and accrued and unpaid interest of the above note will be due and payable on January 17, 2025 and yields interest at a rate of 15% per annum.

These notes are secured against the assets and property of Cellview.

Included in amounts receivable is interest of $91,233 accrued on the outstanding notes as of May 31, 2024.

On, August 9, 2024, the Company terminated the LOI with Cellview. The Company expects the notes to be fully repaid, including accrued interest, or converted into Cellview shares, prior to the maturity date.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A.