

**MONITOR VENTURES INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

## **Background**

This management discussion and analysis (“MD&A) of financial position and results of operation for Monitor Ventures Inc. (the “Company”) is prepared as at February 21, 2023. This MD&A should be read in conjunction with the Company’s audited financial statements as at and for the year ended December 31, 2022.

The Company’s shares are listed on the NEX tier of the TSX Venture Exchange (the “Exchange”) under the symbol “MVI.H” and its registered office is located at Suite #704, 595 Howe St., Vancouver, British Columbia, V6C 2T5.

Except as otherwise disclosed, all dollar figures included therein and in the following Quarterly Highlights are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Forward-Looking Statements**

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements include but are not limited to statements regarding the Company’s ability or intention to continue as going concern, to improve its financial position through additional financing or settling its accounts payable through alternate means, and to commence new operating activities. These statements involve several known and unknown risks and uncertainties that are made in the context of the Company having to revise its business strategy considering its current financial position. The Company’s actual strategic course, when decided upon, will determine which risk factors will be relevant, but possible risk factors include those in connection with the Company’s ability settle certain accounts payable by way of share-for-debt agreements or other non-cash means, to raise sufficient funds to maintain operations and to enter new commercial activities. Outcomes other than those assumed herein may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

## **Company Overview and Outlook**

The Company currently has no commercial operations and has a significant working capital deficiency owing to liabilities arising from previous commercial activities. In recent years it has improved its financial position by way of derecognition of certain accounts payable and accrued liabilities, but it has required loans from shareholders and directors to fund ongoing operations. Recent loans from directors include \$45,000 received in the year ended December 31, 2021, \$35,000 received in the year ended December 31, 2022 and \$20,000 received after December 31, 2022. Additional funding will be required to remain a going concern in the next 12 months and to pursue new operating activities in the longer-term.

While it has not yet implemented these steps and may never, the Company has shareholder approval to take the following actions to facilitate a longer-term reorganization:

- i. issue more than 100% of its outstanding shares in any 12-month period; and
- ii. delist its shares from the Exchange, subject to the further discretion of the Company’s board of directors.

On May 16, 2022, the Company continued into British Columbia from the Jurisdiction of Canada and is incorporated under the Business Corporations Act (British Columbia).

## **COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic, which continues to spread globally. Having no commercial operations, the COVID-19 pandemic has not had a significant impact on the Company’s routine operations or on the carrying value of its assets. However, the pandemic’s effect on broader capital markets may hinder the Company’s ability to enter new commercial operations or raise additional financing.

## Selected Annual Information

With no commercial operations, the Company has no recurring revenues other than nominal amounts of interest income and in recent years has relied on shareholder or director loans and asset disposals to fund operations. Other income is irregular and includes gains on the derecognition of accounts payable and accrued liabilities. In recent years, expenses have been incurred for transfer agent, listing, filing, and other costs incurred as a publicly-traded company. To date, the Company has not declared any cash dividends and has not held any long-term debt.

Selected annual information is as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
	\$	\$	\$
<b>Balance Sheet:</b>			
Cash	846	5,970	3,049
Total assets	846	5,970	3,049
Current liabilities	790,192	749,641	931,862
Long-term liabilities	-	-	-
<b>Operations:</b>			
Net (loss) income and comprehensive (loss) income	(45,675)	185,142	(39,248)
Basic and diluted (loss) income per share	(0.02)	0.06	(0.01)

### *Total assets*

With no sources of recurring revenues, the company's operations have been funded by loans from directors and an officer of the Company since December 31, 2020 which were funded periodically as required for expenditure requirements. As at December 31, 2022, 2021 and 2020, the Company's sole asset was cash, the balance of which fluctuates with the timing of loan proceeds and payments for operating expenses.

### *Current liabilities*

The Company's current liabilities include accounts payable and accrued liabilities incurred both for current operations, loans payable on demand, and long-outstanding salaries and other accounts payable related to earlier commercial operations.

In the year ended December 31, 2021, the Company derecognized \$226,515 in accounts payable and accrued liabilities following the expiration of statutory periods for debt collection on certain long-outstanding amounts and recognized equal gains on derecognition. As a result, current liabilities decreased from December 31, 2020 to December 31, 2021, although the affect of the derecognition accounts payable and accrued liabilities was partly offset by an increase in loans received in the year ended December 31, 2021.

No accounts payable and accrued liabilities were derecognized in the year ended December 31, 2022 and the increase in current liabilities from December 31, 2021 to December 31, 2022 is primarily owing to loans received in the year ended December 31, 2022.

### *Net income and comprehensive income*

The Company typically incurs losses from recurring operating activities because of audit and legal services, transfer agent, listing and filing fees, and other general and administrative expenses incurred as a publicly-traded company. In the years ended December 31, 2022 and 2020, the Company had no significant non-operating gains to offset these expenses and the Company's net losses for these years reflected its total general and administrative expenses. In 2021 these expenses were offset by a \$226,515 gain from the derecognition of accounts payable and accrued liabilities which resulted in net income and comprehensive income of \$185,142. Excluding the effect of this gain, the Company would have incurred a net loss of \$41,373 in the year ended December 31, 2021, reflecting comparable general and administrative expenses to those incurred in the years ended December 31, 2022 and 2020.

### **Results of Operations**

	<b>For the year ended December 31, 2022</b>	For the year ended December 31, 2021
	<b>\$</b>	<b>\$</b>
General and administrative expenses:		
Transfer agent, listing, filing and shareholder information fees	<b>23,303</b>	23,566
Audit and legal services	<b>19,379</b>	15,845
Interest on shareholder loan	<b>2,813</b>	2,352
Office and administrative services	<b>180</b>	162
Total general and administrative expenses	<b>(45,675)</b>	(41,925)
Gain on derecognition of accounts payable and accrued liabilities	-	226,515
Foreign exchange gain	-	552
Net (loss) income and comprehensive (loss) income	<b>(45,675)</b>	185,142

The Company's general and administrative expenses reflect basic amounts for legal and audit services, transfer agent, listing and filing fees and other costs incurred as a public company and were generally consistent between the years ended December 31, 2022 and 2021 except that the Company incurred additional legal fees in 2022 related to the continuation of its corporate registration into the Province of British Columbia.

During the year ended December 31, 2021, the Company derecognized certain accounts payable and accrued liabilities following the expiration of statutory periods for debt collection on certain long-outstanding amounts. The resulting \$226,515 gain contributed to net income of \$185,142 for the year. No equivalent gain was recognized in the year ended 2022 and net loss for the year reflected general and administrative expenses.

### **Financial Condition, Liquidity and Capital Resources**

As at December 31, 2022, the Company had working capital deficiency of \$789,346 (December 31, 2021 - \$743,671) and cash of \$846 (December 31, 2021 - \$5,970). The increase in the working capital deficiency during 2022 is the result of an increase in loans payable, the proceeds from which were used to pay operating expenses during the period.

The Company received an additional \$20,000 loan after December 31, 2022 and will require additional loans until it can raise equity financing to pursue new commercial operations. However, its ability to obtain additional financing is uncertain and is a significant risk to the Company's ability to continue as a going concern.

## Fourth Quarter Results

For the fourth quarter of 2022, the Company had a net loss and comprehensive loss of \$15,843 compared with net income of \$211,572 for the fourth quarter of 2021. The net income for 2021 includes a \$226,515 gain on the derecognition of accounts payable and accrued liabilities. When this gain is excluded, the net loss for the fourth quarter of 2021 would have been \$14,943, primarily the result of consistent levels of general and administrative expenses as those recognized in 2022. Such expenses in both periods included accruals for annual audit services and other sundry costs incurred as a public company.

## Summary of Quarterly Results

A summary of quarterly results for the Company's eight most recent quarters is as follows:

<b>For the Three Months Ended</b>	<b>General and Administrative Expenses<sup>1</sup></b>	<b>Net Comprehensive (Loss) Income<sup>2</sup></b>	<b>Basic and Diluted (Loss) Income Per Share</b>
	\$	\$	\$
December 31, 2022	(15,843)	(15,843)	(0.01)
September 30, 2022	(9,982)	(9,982)	(0.00)
June 30, 2022	(14,801)	(14,801)	(0.01)
March 31, 2022	(5,049)	(5,049)	(0.00)
December 31, 2021	(15,630)	211,572	0.07
September 30, 2021	(12,104)	(15,924)	(0.01)
June 30, 2021	(11,114)	(9,140)	(0.00)
March 31, 2021	(3,077)	(1,365)	(0.00)

## Explanatory Notes:

1. General and administrative expenses reported throughout 2022 and 2021 reflect a nominal level of operations as a public entity and include expenses for the Company's stock exchange listing, legal and audit services, transfer agent services and other shareholder services. These items are generally incurred consistently in each quarter, although there are increases in the fourth quarter of each year for the accrual of audit services.
2. In addition to general and administrative expenses, the Company's net comprehensive (loss) income is affected by foreign exchange gains or losses on accounts payable and accrued liabilities denominated in currencies other than the Canadian dollar and gains from the derecognition of accounts payable and accrued liabilities. These gains included a \$226,515 gain from the derecognition of accounts payable and accrued liabilities in the quarter ended December 31, 2021 resulting in net income of \$211,572 for the period.

Following the derecognition of accounts payable and accrued liabilities in the quarter ended December 31, 2021, the Company no longer holds any significant financial assets or liabilities denominated in currencies other than the Canadian dollar. As a result, no foreign exchange gains or losses were recognized in 2022 and, unless the Company recognizes additional gains from the derecognition of its remaining accounts payable and accrued liabilities, net comprehensive income or loss is expected to approximate general expenses incurred in future periods.

## Transactions with Related Parties

The Company is party to a corporate and administrative services agreement with Earlston Management Corp. ("Earlston"), whereby Earlston provides key management, corporate, and administrative services to the Company, and has certain directors and officers in common, resulting in the two entities being related. As a result of the Company's financial position, Earlston did not charge the Company for services during the years ended December 31, 2022 or 2021. As at December 31, 2022, \$164,258 is included in accounts payable and accrued liabilities (December 31, 2021 - \$161,472) for amounts owing to Earlston, which includes sundry expenses paid for by Earlston on the Company's behalf in addition to those for management, corporate and administrative services charged prior to 2021.

Included in accounts payable and accrued liabilities as at December 31, 2022 is \$295,000 (December 31, 2021 - \$295,000) owing to Bill Radvak, the Chief Executive Officer (“C.E.O.”) of the Company for salaries and benefits outstanding for periods prior to 2021, and \$5,395 (December 31, 2021 - \$5,395) for travel and office expense claims. As a result of the Company’s financial position, salaries payable to Mr. Radvak were suspended during the years ended December 31, 2022 and 2021.

As at December 31, 2022, loans payable includes \$80,938 (December 31, 2021 - \$45,249) owing to certain directors and an officer of the Company, the terms of which are described in Note 5. This amount includes \$35,000 in loans received and \$689 in interest accrued during the year ended December 31, 2022 and \$45,000 in loans received and \$249 in interest accrued during the year ended December 31, 2021.

### **Financial Instruments and Risk Management**

As at December 31, 2022, the Company’s financial instruments comprise cash, accounts payable and accrued liabilities, and loans payable. Except for cash, all financial instruments held by the Company are measured at amortized cost. The fair values of financial instruments measured at amortized cost approximate their carrying value due to their short-term maturities. Fair values of financial instruments measured at fair value are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

- 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.

Financial instruments measured at fair value on the balance sheet are summarized in levels of fair value hierarchy as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	846	-	-

The Company is exposed to certain risks to the carrying values of its financial instruments, including currency risk, credit risk, liquidity risk and interest rate risk.

#### *Currency risk*

Following the derecognition of accounts payable and accrued liabilities during the year-ended December 31, 2021, the Company has no material financial instruments denominated in currencies other than the Canadian dollar. As a result, the Company is not exposed to currency risk as at December 31, 2022.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has a working capital deficiency as at December 31, 2022 and additional financing is required for the Company to settle its existing obligations and fund future obligations. As such, the Company is exposed to liquidity risk.

#### *Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have future exposure to these market risks.

## **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

## **Outstanding Share Data**

As at the date of this MD&A, the Company has 2,930,058 common shares outstanding with no options or warrants outstanding.

## **Critical Accounting Estimates and Judgments**

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Those estimates and judgments considered most significant are as follows:

### *Going concern*

The Company's financial statements have been prepared on the assumption that the Company will continue on a going concern basis. However, the Company has incurred negative operating cash flows since its incorporation and, as at December 31, 2022, the Company has a working capital and shareholders' deficiency of \$789,346.

In recent years, the Company has relied on loans to fund the general and administrative expenses required for a publicly-traded entity. While the Company expects to receive additional loans to fund its operations for the next 12 months, there is no assurance that the Company will raise sufficient funding to meet its longer-term financial obligations and to pursue new commercial activities. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

### *Gains on derecognition of amounts payable and accrued liabilities*

The Company recognizes gains on the derecognition of amounts payable and accrued liabilities for amounts that are significantly past due. The recognition of such gains requires judgment based on factors such as the age of such amounts, statutes of limitation for debt collection and the time elapsed since the most recent contact with creditors.

### *Taxation*

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

## **Risks and Uncertainties**

As at the date of the MD&A, the Company has a significant working capital deficiency. The Company has reduced operating costs significantly in recent years and it has reduced a substantial portion of its accounts payable, but it requires additional financing to settle remaining liabilities, to maintain operations as a publicly traded entity and ultimately to find new commercial activities. The Company currently relies on loans from certain shareholders or directors to pay its general and administrative expenses, but longer-term equity financing is required in the longer-term. Successful financing requires functional capital markets and attractive opportunities for new commercial activities being identified.