

Basis of Presentation

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Danavation Technologies Corp. (formerly Wolf's Den Capital Corp.) ("Danavation" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended October 31, 2021. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the unaudited condensed interim consolidated financial statements of the Company and the notes thereto for the three months ended October 31, 2021 and 2020. Information contained herein is presented as at December 29, 2021, unless otherwise indicated. Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at <https://danavation.com/>.

The unaudited condensed interim annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and the financial information herein was derived from those statements. All financial information included in this MD&A is presented in Canadian dollars, unless otherwise noted. Certain dollar amounts have been rounded to the nearest million dollars, hundred thousand dollars or thousand dollars, as noted.

Background and History

Danavation was incorporated on June 4, 2007, under the Business Corporations Act of British Columbia. The registered office of the Company is located at 1000 - 595 Burrard Street - P.O. Box 49290 - Vancouver, British Columbia, Canada V7X 1S8. The Company is proudly founded and based in North America. Its principal activity relates to the sale of micro e-paper displays and software to retailers to automate labeling, price, product, and promotions in real-time.

During the year ended July 31, 2021, the Company changed its name to Danavation Technologies Corp., and changed its year end from December 31 to July 31.

On January 8, 2021, the Company executed a share exchange agreement with Danavation Technologies Inc., resulting in a reverse takeover transaction. For a full description of the transaction, please refer to note 4 of the Company's July 31, 2021 audited annual consolidated financial statements.

The Company's common shares trade on the Canadian Securities Exchange under the symbol "DVN" and on the OTCQB Venture Market in the US under the symbol "DVNCF".

Core Business, Strategic Objectives and Key Performance Drivers

Core Business

Danavation is a Canadian-based, Internet of Things ("IoT") technology company, providing micro e-paper displays to organizations across North America. The Company's Digital Smart Labels™ ("DSLs"), powered by IoT automation technology and software Platform-as-a-Service (PaaS), enables companies across various sectors to automate labelling, price, product, and promotions in real-time, enhancing data accuracy and improving performance by optimizing inventory, removing high labour costs and low productivity associated with traditional labour-intensive workflows. DSL's also help lessen company's need to attract and retain labor during a fiercely competitive period. By empowering the adoption of smart retail, smart cities and industry 4.0, Danavation's goal is to create a sustainable and profitable business for shareholders while advancing sound environmental, social and governance practices, including by significantly reducing paper usage. Danavation has introduced its solution to retailers across North America, including big box and boutique grocers, while also targeting new markets including healthcare providers, manufacturing, and logistics companies. Danavation believes that the following competitive advantages of its DSL solution are instrumental to securing business from both existing and future potential clients:

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

- North American headquarters enables quick and easy hands-on support for servicing and communications;
- Independent, in-house development of marketing, sales, and client support enables control over the full sales cycle;
- Quality and reliable hardware engineered in-house ensures products meet client standards;
- Network of various established relationships built from a management team with over 30 years of experience meaning few to no cold calls required;
- Secure end-to-end connectivity with unparalleled industry coverage, over-the-air (OTA) updates, and zero interference with Wi-Fi networks; and
- Adaptable for clients across industries including retail, healthcare, manufacturing, logistics, pet shelters, and others.

Strategic Objectives and Key Performance Drivers

As Danavation has achieved commercialization and is entering a period of forecast revenue ramp, the Company is committed to pursuing continued growth through expanded contracts to deploy DSLs for existing clients, including retailers, grocery stores, convenience and big box stores across the US and Canada, as well as healthcare providers and manufacturing and logistics companies. In addition, Danavation intends to continue developing new proprietary products, services and software solutions and securing further distribution partnerships with international companies who can market Danavation's solutions in various jurisdictions outside of North America.

Despite the challenges brought on from COVID-19, Danavation remains focused on executing its long-term strategy. Danavation is committed to building shareholder value by becoming a leading provider of Digital Smart Labels™, growing revenue and annual recurring revenue related to software solutions, and ultimately driving the generation of positive net income. As part of this strategy, the Company has focused on building an organization that is prudently managed within a sector that offers significant future potential as economies seek to increase automation and reduce the need for physical contact. The Company believes that adhering to capital discipline and fundamental customer-oriented principles will be the keys to success, along with cost controls and operational efficiencies.

To date in calendar 2021, Danavation has secured new clients, partnerships and location deployments for its DSLs, including the announcement of multiple new installs through October, 2021 and a distribution partnership for Latin America and the Caribbean. Danavation intends to continue executing on growth opportunities that drive long-term value, focusing resources on securing high-quality clients with access to multiple locations which can help enhance exposure and support the pursuit of long-term profitability. The Company will also continue to evaluate compelling new hardware and software solutions which can further contribute to its long-term portfolio value and help fuel growth and sustainability into 2022 and beyond.

Danavation Technologies Corp.

Management's Discussion and Analysis

For the Three Months Ended October 31, 2021

Business Objective	Action	By When	Estimated Costs	Status
Business Development, Marketing & Promotions - <i>Continuing to enter and expand market presence in the United States and Canada by establishing product sales and brand recognition with large retailers. Trade shows and dates have changed due to Covid-19.</i>	Attend 3 trade exhibitions over the next 12-month period: <ol style="list-style-type: none"> 1. True Value Reunion – September 30, 2021 2. NextPoint - October 7, 2021 3. NRF – January 16-18, 2022 Marketing tools, software advertising and promotions	Ongoing for next 12 months following date of Listing Statement	1. \$25,000 2. \$25,000 3. \$50,000 \$150,000	Ongoing
Expansion of Team Sales, Marketing and Customer Support Team - <i>Expand management and operational team</i>	Hire an additional 3 employees in sales, marketing, customer service and support within the next 12-month period	Ongoing for next 12 months following date of Listing Statement	\$280,000	Ongoing
Enter into Distribution Agreements and Expand relationships with suppliers and manufacturers - <i>Sign multiple distribution agreements and geographical exclusivity arrangements beginning in Q1 2021 with channel partners increasing marketing leverage and operational competency and expertise in new markets</i>	Identify and meet with channel partners to negotiate and enter into exclusive contractual agreements with channel partners within the next 12-month period.	Ongoing for next 12 months following date of Listing Statement.	\$10,000 (travel & expenses)	Ongoing
	Meet with current and potential suppliers and manufacturers to negotiate and enter into exclusive contractual agreements within the next 6-month period.	6 months following date of this Listing Statement	\$20,000 (travel & expenses)	Complete
Engineering & Software Development - <i>Launch the Digital Smart label 2.0 system- Added features include advanced analytics and artificial intelligence software, streamlining back office operations such as inventory optimization/ forecasting, promotions management, and dynamic pricing strategies</i>	Hire additional 2 engineering, software development, big data & analytics, and technical support staff within the next 6 months	6 months following date of this Listing Statement	\$200,000	Complete
Research and Development - <i>Design and develop additional propriety and differentiated products for commercialization such as NFC/RFID, IoT sensors, video analytics, and biometric systems</i>	Research, design and develop new products within the next 12-month period.	Ongoing for next 12 months following date of Listing Statement	\$50,000	Ongoing

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

IT/Network Infrastructure & Tech Support - <i>Further enhance systems integration and on-site installation capabilities to seamlessly manage all operating activities and continue to create competitive advantages through best in class after sales service, support and customer service</i>	Expand network infrastructure and hire additional tech support staff	Ongoing for next 12 months following date of Listing Statement	\$135,000	Ongoing
--	--	--	-----------	---------

2021 Performance Highlights

Over the past ten months, Danavation remained focused on building an organization that is prudently managed within a segment that is expected to offer multi-year growth potential. Following are key milestones and achievements relevant for the future of Danavation that were recorded by the Company during the calendar year ended October 31, 2021.

- On October 1, 2021, the Company commenced trading on the OTCQB Venture Market in the US under ticker 'DVNCF' and confirmed it was seeking to secure DTC eligibility.
- On August 17, 2021, the Company closed its previously announced brokered private placement of 8.0% unsecured convertible debentures of the Company (the "Debentures"), which was upsized, raising aggregate gross proceeds of \$3.85 million.
- From the beginning of January, 2021 when the Company completed its public listing on the CSE, through its year end July 31, 2021, Danavation continued to contract multiple retailers for the installation of DSLs, and also expanded its reach:
 - Entered the Quebec grocery and pharmacy markets
 - Expanded verticals beyond retailers to include healthcare with US-based Ensign Group and the gas station vertical in Alberta
- On July 30, 2021, the Company announced the appointment of Mr. Michael Emslie to the position of Chief Financial Officer, assuming the position from Mr. Rob Suttie who had been serving as CFO in an interim capacity through the Company's go-public process earlier in 2021.
- On July 29, 2021 Danavation announced that it had engaged iA Private Wealth Inc. as agent to undertake a brokered private placement on a best efforts basis for up to \$3 million aggregate principal amount, 8.0% unsecured convertible debentures of the Company priced at \$1,000 per \$1,000 of principal, with the option to increase the offering by \$500,000 under the same terms.
- On May 17, 2021 Danavation announced an agreement with Smith Technologies Ltd. ("Smith") to become Danavation's first overseas marketing and distribution partner for Danavation's DSL technology. Smith will market and distribute Danavation's PaaS system to their clients located across Bermuda, Latin America and the Caribbean Islands.
- On February 18, 2021, the Company announced the appointment of Mr. Daniel Matlow to its Board of Directors, who is currently President and Chief Executive Officer (CEO) of Vitalhub (TSXV: VHI) and who brings over 30 years of strategic and executive leadership experience along with hands-on management of Software-as-a-Service(SaaS) and Platform-as-a-Service (PaaS) companies. His broad expertise in the field of software vendor management is complemented by an extensive knowledge of software development, marketing, consulting and sales.
- On January 19, 2021, 8,245,000 of the Company's warrants began trading on the Canadian Securities

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Exchange, under the ticker symbol "DVN.WT".

- At the open of business on Friday, January 15, 2021, Danavation Technologies Corp. commenced trading on the Canadian Securities Exchange ("CSE"), under the ticker symbol "DVN".

Events Subsequent to October 31, 2021

Danavation achieved additional milestones that further supported its ongoing progress subsequent to year end.

- On December 21, 2021, the Company announced additional financing from a convertible promissory note of \$750,000 with 7% interest payable at the Maturity Date. The note matures on the earlier of: (i) the completion of a minimum financing of C\$1,000,000 or (ii) April 30, 2022 (Maturity Date). Subject to regulatory approval, if required, the note is convertible into securities of the Company at the option of the holder subject to the completion of the Financing on or prior to the Maturity Date at a conversion price equivalent to the securities issued under the Financing.
- From July 31, 2021 to the date of this report, Danavation continued to focus on expanding its reach with additional installations of DSLs for retailers within the US-based hardware segment.

Outlook, Objectives and Milestones

Danavation is targeting to accomplish the following business objectives and milestones through fiscal 2022:

- Continue to enter and expand market presence in the US and Canada by establishing product sales and brand recognition with large retailers;
- Continue to expand management and operational team;
- Sign multiple distribution agreements and geographical exclusivity arrangements with channel partners increasing marketing leverage and operational competency and expertise in new markets;
- Design and develop additional propriety and differentiated products for commercialization such as NFC/RFID, IoT sensors, video analytics, and biometric systems; and
- Further enhance systems integration and on-site installation capabilities to seamlessly manage all operating activities and continue to create competitive advantages through best in class after sales service, support and customer service.

Financial Performance Summary

	Three Months Ended October 31, 2021	Three Months Ended October 31, 2020
Revenue	\$ 138,211	\$ 13,000
Cost of Goods Sold	229,051	3,964
Gross Margin	\$ (90,840)	\$ 9,036
Expenses		
Advertising and sales promotion	\$ 384,763	\$ 143,778
Amortization of equipment and right-of-use assets	104,211	16,082
Bank charges and interest	50,903	251
Consulting fees	24,000	17,088
Interest on long-term debt	110,987	9,703
Office and general	128,251	70,067
Professional fees	52,990	55,442
Research and development	11,465	-
Salaries and benefits	500,489	311,372
Trade show	28,443	6,000
Travel	22,730	122
Utilities	6,116	4,390
Vehicle	8,239	5,261
	1,433,587	639,556
Net Loss and Comprehensive Loss for the Period	\$ (1,524,427)	\$ (630,520)
Basic and Diluted Loss per Share	\$ (0.01)	\$ (0.01)
Weighted Average Number of Common Shares Outstanding	103,229,030	79,651,662

Managing Through the Novel Coronavirus (COVID-19)

The novel coronavirus ("COVID-19") health pandemic led to market turbulence beginning in the second week of March 2020 and continuing through 2021, driving Danavation to implement changes across the organization to protect the health and safety of all employees and to safeguard the Company's financial position while continuing to provide cost effective and high-quality solutions to its customers. Balance has begun to return to the market during the first half of 2021 as vaccination programs progress worldwide, but uncertainty still remains around the timing of a return to a pre-COVID-19 normal.

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Results of Operations

Three Months Ended October 31, 2021

Net loss and comprehensive loss for the three months ended October 31, 2021 totaled \$1,524,427 compared to a net loss and comprehensive loss of \$630,520 for the same period in 2020. The increase in the loss is primarily driven by increases in staffing, advertising, interest, general operational office consumable expenses, representing investments and support for the planned growth of the Company.

Revenue from operations during the three months ended October 31, 2021 increased to \$138,211 reflecting an increase of 1,063%, due to additional installations of its DSLs primarily within grocery and hardware stores. In the comparative period of 2020, revenue from operations totaled \$13,000.

Gross margin during the three months ended October 31, 2021 declined to \$(90,840) due to a large contract which was strategically priced below cost and represented a 'lost leader'. In the comparative period, gross margin totaled \$9,036.

Salaries and benefits increased to \$500,489 during the three months ending October 31, 2021 compared with \$311,372 for the three months ended October 31, 2020, as the Company built its team and increased its investment in human capital.

Advertising and sales promotion expenses increased during the three months ended October 31, 2021 to \$384,763 from \$143,778 during the three months ended October 31, 2020 as the Company invested further in marketing to improve its product awareness post-RTO.

Office and general expenses increased to \$128,251 for the three months ended October 31, 2021, from \$70,067 during the comparative period, as the Company incurred greater costs associated with a larger staffing head count coupled with its increased operational base.

Amortization of equipment and right-of-use assets increased to \$104,211 during the three months ended October 31, 2021 from \$16,082 during the comparative period, primarily driven by the Company's prospective August 1, 2019 adoption of IFRS 16, requiring capitalization and amortization of its right-of-use lease commitments and office equipment for its premises lease commencing in May of 2021.

Interest on long-term debt increased to \$110,987 during the three months ended October 31, 2021 from \$9,703 for the respective comparative period, primarily due to the interest bearing debentures and the respective accounting treatment of IAS 32. See note 8 in the October 31, 2021 condensed interim consolidated financial statements.

Bank charges and interest increased to \$50,903 during the three months ended October 31, 2021 from \$251 in the 2020 period, primarily driven by the Company's prospective August 1, 2019 adoption of IFRS 16, requiring right-of-use assets to be capitalized and interest to be recorded on lease payments for its office equipment and premises lease commencing in May of 2021.

Share Capital

The Company is authorized to issue an unlimited number of voting and participating common shares.

The number of common shares outstanding and their carrying values for the periods presented are as follows:

	For the three months ended October 31, 2021	
	Number	Amount
		\$
Outstanding as at July 31, 2021	103,200,987	6,361,256
Exercise of stock options	200,000	108,000
Exercise of warrants	76,000	28,880
Outstanding as at October 31, 2021	103,476,987	6,498,136

Warrants

The changes to the warrants during the period and number of warrants outstanding as at October 31, 2021 are as follows:

	Number	Weighted- average exercise price	Expiry date
		\$	
Outstanding as at July 31, 2021	8,499,400	0.35	December 10,2022
Commission Options(warrants)	421,111	0.45	August 17,2023
Exercised	(76,000)	0.25	December 10,2022
Outstanding warrants as at Oct 31, 2021	8,844,511	0.35	

Stock-Based Compensation

From time to time, the Company grants options to purchase common shares to executive, employees, directors and consultants. The number of stock options and the exercise price are determined by the Board of Directors where said exercise price shall be no less than the fair market value as at the grant date. The options vest immediately from the grant date. As at October 31, 2021, 4,795,000 stock options were available for future issuance.

Information concerning the movement in stock options is as follows:

	Number	Weighted-average exercise price
		\$
Outstanding as at July 31, 2021	5,045,000	0.35
Expired	(50,000)	0.35
Exercised	(200,000)	0.35
Outstanding as at October 31, 2021	4,795,000	0.35
Exercisable as at October 31, 2021	4,795,000	0.35

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Liquidity and Capital Resources

The Company had working capital of \$1,545,441 as at October 31, 2021 (July 31, 2021 – \$(560,773)), and cash and cash equivalent balance of \$1,514,437 (July 31, 2021 - \$5,979). Shortly after year end, on August 17, 2021, Danavation closed an upsized private placement of 8.0% unsecured convertible debentures for aggregate gross proceeds of \$3,850,000, strengthening the Company's cash position.

On December 10, 2020 Danavation completed a brokered private placement of 16,490,000 units \$0.25 per unit for gross proceeds of \$4,122,500. Each unit consisted of one common share and one half warrant, exercisable at an exercise price of \$0.35 per full warrant for twenty-four months from completion of the Transaction. Cash costs, including professional fees and cash broker commissions were \$456,310. In connection with this private placement, 1,272,000 broker warrants were issued at an exercise price of \$0.25 per broker warrant for 24 months from completion of the Transaction. Other than the loans from the Business Development Bank of Canada which were fully repaid during the current period, the Company has no credit facilities with financial institutions. See notes 3(q) and 17 in the Company's July 31, 2020 audited consolidated financial statements for details on the Company's financial instruments.

At this time, the Company is not anticipating an ongoing profit from operations in the immediate term, therefore it will be dependent on its ability to obtain equity or debt financing for growth. The Company may need additional capital, and may raise additional funds should the board of directors of the Company (the "Board of Directors") deem it advisable. On December 21, 2021 the Company issued a convertible promissory note for \$750,000 with a 7.0% interest rate. The funds will be used for working capital purposes. Please see Events Occurring after the Reporting Date.

During the current period ended October 31, 2021, the Company had negative operating cash flow because its revenues did not exceed its operating expenses. In addition, as a result of the Company's business plans for the development of its products, the Company expects cash flow from operations to be negative until revenues improve to offset its operating expenditures. The Company's cash flow from operations may be affected in the future by expenditures incurred by the Company to continue to develop its products and services. The amounts set out above for use as working capital may be used to offset this anticipated negative operating cash flow.

	Three Months Ended	
	Oct 31, 2021	Oct 31, 2020
	\$	\$
Cash flows (used in) operating activities	(1,856,925)	(554,738)
Cash flows (used in) investing activities	(23,175)	-
Cash flows (used in) from financing activities	3,388,558	(143,713)

Operating activities

Cash used in operating activities for the three-months ended October 31, 2021 was \$(1,856,925) compared to \$(554,738) for the comparative period. The increase in cash used in operating activities in 2021 versus 2020 relates to spending on the business expansion.

Investing activities

Cash used in investing activities for the three-months ended October 31, 2021 was \$(23,175), compared to nil for the comparative period. The decrease in cash used for 2021 over the comparative period is primarily due to the reclass of a long term asset and fixture spending on the new premises.

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Financing activities

Cash generated from financing activities for the three-months ended October 31, 2021 was \$3,388,558, compared to \$(143,713) for the comparative period. The cash increase for the 2021 period over the comparative period is due to the cash received from the debenture financing in August 2021.

Capital Management

The Company manages its capital with the following objectives:

- (i) To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- (ii) To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on a regular basis.

The Company considers its capital to be equity, comprising share capital, contributed surplus and deficit, which at October 31, 2021 totaled \$(707,299) (July 31, 2021 \$285,522). The Company manages capital through its financial and operational forecasting processes. Danavation reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. Information is provided to the Board of Directors of the Company. The Company is not constrained by externally imposed capital requirements. The Company's capital management objectives, policies and processes have remained unchanged during the twelve months ended October 31, 2021.

Selected Condensed Consolidated Quarterly Information

The following tables, being the Consolidated Quarterly Information and the Condensed Annual Information tables, provide a summary of select information for the Company's eight previous quarters as shown in the respective tables. Significant factors that have caused variations in the financial position and financial performance of the Company in these historical periods relate to the following:

Quarterly Information

Quarter Ended	10/31/21	07/31/21	04/30/21	01/31/21	10/31/20
Revenue	138,211	96,511	42,363	37,761	13,000
Net loss	(1,524,427)	(1,350,893)	(1,405,056)	(2,433,646)	(630,520)
Net loss per share	(0.01)	(0.01)	(0.01)	(0.09)	(0.01)

Quarter Ended	7/31/20	04/30/20	1/31/20
Revenue	13,000	4,179	85,561
Net loss	(593,460)	(349,052)	(256,907)
Net loss per share	(0.01)	(0.01)	(1,285)

For a detailed explanation and analysis of quarterly results, refer to Management's Discussion and Analysis for each of the respective quarterly periods filed on SEDAR at www.sedar.com.

Dividend Policy

Since its incorporation, the Company has not paid any dividend on its common shares. The Company's current policy is to retain future earnings to finance its growth. Any future determination to pay dividends is at the discretion of the Company's Board of Directors and will depend on the Company's financial condition, results of operations, capital requirements and other such factors as the Board of Directors of the Company may deem relevant.

Going Concern

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. As at October 31, 2021, the Company has accumulated a deficit of \$9,373,123 (July 31, 2021: \$7,848,696) since inception. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There can be no assurances that the Company will continue to obtain the additional financing resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations. All of which indicate the existence of a material uncertainty that may cast substantial doubt on whether the Company would continue as a going concern and realize its assets and settle its liability and commitments in the normal course of business.

The directors of the Company believe that the existing loan facilities will continue to be made available to the Company and will not be withdrawn by the counterparties within the next twelve months from the end of the reporting period. In the opinion of the directors of the Company, the Company has a number of sources of funds available (note 15) to enable its obligation and commitments to be settled on a timely manner. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Critical Accounting Estimates

Application of the Company's accounting policies in compliance with International Financial Reporting Standards ("IFRS") requires the Company's management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made.

Recent Accounting Pronouncements

The Company adopted no new accounting pronouncements during the period.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

Financial Instruments

Recognition and Classification

Financial Assets

All financial assets are initially recognized at fair value, adjusted by, in the case of instruments not at fair value through profit or loss, directly attributable transaction costs. After initial recognition, financial assets are subsequently classified and measured at either fair value through profit or loss ("FVTPL"), fair value through other

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

comprehensive income ("FVTOCI") or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

The Company had no financial assets measured at FVTPL or measured at FVTOCI as at October 31, 2021.

Financial assets measured at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method less impairment. Cash, accounts receivable and short term investments are classified as measured at amortized cost. Cash consists of deposits in bank.

Financial Liabilities

The Company classifies its financial liabilities into one of the following two categories; measured at amortized cost and measured at fair value through profit and loss ("FVTPL"). The Company's convertible debentures have been measured at FVTPL. The details of the valuation and accounting treatment are detailed in note 8 of the October 31, 2021 condensed interim consolidated financial statements.

Financial liabilities measured at amortized cost are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

Accounts payable and accrued liabilities, due to related party, lease liabilities and long-term debt are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Derecognition

Financial assets are derecognized only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. The Company derecognizes financial liabilities when the Company's obligations are discharged, cancelled, or they expire.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Company has a legal right to offset the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Fair Value and Market Value Measurement

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

When available, the Company measures the fair value of an instrument using quoted market prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1), and the lowest priority to unobservable inputs (level 3).

The three 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 included in level 1 that are observable for the asset or liability either directly or indirectly;

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Level 3: Inputs that are not based on observable market data.

As at year end, the Company does not have any financial instruments measured at fair value.

Impairment of Financial Assets

At each reporting date, the Company assess whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a group of financial assets are impaired based upon the expected credit loss ("ECL") model.

Financial Risk Factors

The Company's business is subject to certain risks, including but not restricted to risks related to: market risk for securities, future financing risks; going-concern risks; global economy risks; use of proceeds risks; volatility of the Company's share price following a listing on a public exchange and the lack of trading history for the Common Shares; increased costs of being a publicly traded company; limited operating history in an evolving industry and history of losses; lack of brand development; expectations with respect to advancement in technologies; currency fluctuations; interest rates; taxes on the Company and its products; liabilities that are uninsured or uninsurable; economic conditions, dependence on management and conflicts of interest; intellectual property rights; attracting and retaining quality employees; key personnel risk; management of growth; product and services development; expansion risk; breach of confidential information; competition within the technology industry; corporate matters; issuance of debt; third party credit; short term investments; shares reserved for issuance; credit risk; liquidity risk; interest rate risk; and described from time to time in the Company's documents filed with Canadian securities regulatory authorities; and other factors beyond the Company's control. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk (including interest rate risk, and foreign exchange rate risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. The Company has no significant concentration of credit risk arising from operations. Cash consists of cash at banks and on hand. The cash has been invested and held with reputable financial institutions, from which management believes the risk of loss to be remote. The Company's customer base is diversified with no reliance on any one client.

Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations as they become due, or can only do so at excessive cost. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, or as a result of conditions specific to the Company. As at October 31, 2021 the Company had a cash balance of \$1,514,437 to settle current liabilities of \$1,501,871. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as maintenance of liquidity. As the Company does not generate significant revenue, managing liquidity risk is dependent upon the ability to secure additional financing, controlling expenses, and preserving cash.

Most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Market Risk

Interest Rate Risk

The Company's long-term debt consists of convertible debentures. The accounting treatment is detailed in note 8 of the Company's October 31, 2021 condensed interim consolidated financial statements. The interest rate is fixed at 8% for the term of the debentures.

Related Party Transactions

Please see note 10 of the Company's October 31, 2021 condensed interim consolidated financial statements for details of related party transactions during the period.

Events Occurring After the Reporting Date

On December 20, 2021, the Company granted options to purchase an aggregate of 1,775,000 common shares of the Company (the "Common Shares") exercisable at a price of \$0.40 per share for a period of five years to certain officers, directors and consultants of the Company. The Common Shares issuable upon exercise of the options are subject to a four-month hold period from the original date of grant.

On December 21, 2021, the Company issued a convertible promissory note in the principal amount of \$750,000 CDN in favour of a certain holder (the "Note"). The Note matures on the earlier of: (i) the completion of a minimum financing of C\$1,000,000 or (ii) April 30, 2022 (Maturity Date) and will bear interest at an interest rate of 7% per annum calculated at the Maturity Date. Subject to regulatory approval, if required, the Note is convertible into securities of the Company at the option of the holder subject to the completion of the Financing on or prior to the Maturity Date at a conversion price equivalent to the securities issued under the Financing.

Risks and Uncertainties

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to develop its business. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay in executing the Company's business plan. The Company will require new capital to continue to operate its business, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various local, provincial and federal governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out development of its business or operations.

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

The Company does not have a historical track record of operating upon which investors may rely. Consequently, investors will have to rely on the expertise of the Company's management. The Company does not have a history of earnings or the provision of return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Accountability and oversight of the Company rests with the Board. The Company will continue to evaluate and potentially expanded its management team to oversee the business development activities of the Company and perform all core functions.

Competitive Conditions

The markets for the Company's products are competitive and rapidly changing, and a number of companies offer products similar to the Company's products and target similar customers. The Company believes its ability to compete depends upon many factors within and outside its control, including the timely development and introduction of new products and product enhancements; product functionality, performance, price and reliability; customer service and support; sales and marketing efforts; and the introduction of new products and services by competitors.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Current Global Financial Conditions and Trends

Securities of technology companies in public markets have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries. The price of the securities of Companies in the technology sector are also significantly affected by proposed and newly enacted laws and regulations, currency exchange fluctuation and the political environment in the local, provincial and federal jurisdictions in which the Company does business. The economy remains in a period of volatility, although there have been signs of positive economic growth in North American and European markets. Continued volatility is expected in the near term.

Impact of COVID-19

The outbreak of the novel strain of Corona Virus, 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 an 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, ability to finance, carrying value of assets and condition of the Corporation and its operating subsidiaries in future periods. To date, the Company has not experienced a material impact related to the COVID-19 outbreak on financing, operations or logistics.

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

Management's Responsibility for Financial Information

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Forward Looking Statements

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws (forward-looking information being collectively hereinafter referred to as "forward-looking statements"). Such forward-looking statements are based on expectations, estimates and projections as at the date of this MD&A. Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", "is expected", "anticipates", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends", or variations of such words and phrases (including negative and grammatical variations), or stating that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements. These forward-looking statements include, but are not limited to, statements and information concerning: the intentions, plans and future actions of the Company; statements relating to the business and future activities of the Company after the date of this MD&A; market position, ability to compete and future financial or operating performance of the Company after the date of this MD&A; anticipated developments in operations of the Company; the timing and amount of funding required to execute the Company's business plans; capital expenditures; the effect on the Company of any changes to existing or new legislation or policy or government regulation; the length of time required to obtain permits, certifications and approvals; the availability of labour; estimated budgets; currency fluctuations; requirements for additional capital; limitations on insurance coverage; the timing and possible outcome of litigation in future periods; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; the adequacy of financial resources; and other events or conditions that may occur in the future.

Forward-looking statements are based on the beliefs of the Company's management, as well as on assumptions, which such management believes to be reasonable based on information available at the time such statements were made. However, by their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual results, performance or achievements to differ from those expressed or implied by the forward-looking statements, including, without limitation, related to the following: operational risks; regulation and permitting; evolving markets; industry growth; uncertainty of new business models; speed of introduction of products and services to the marketplace; undetected flaws; risks of operation in urban areas; marketing risks; geographical expansion; limited operating history; substantial capital requirements; history of losses; reliance on management and key employees; management of growth; risk associated with foreign operations in other countries; risks associated with acquisitions; electronic communication security risks; insurance coverage; tax risk; currency fluctuations; conflicts of interest; competitive markets; uncertainty and adverse changes in the economy; reliance on components and raw materials; change in technology; quality of products and services; maintenance of technology infrastructure; privacy protection; development costs; product defects; insufficient research and development funding; uncertainty related to exportation; legal proceedings; reliance on business partners; protection of intellectual property rights; infringement by the Company of intellectual property rights; resale of shares; market for securities; dividends; and global financial conditions.

The lists of risk factors set out in this MD&A or in the Company's other public disclosure documents are not exhaustive of the factors that may affect any forward-looking statements of the Company. Forward-looking

Danavation Technologies Corp.

Management's Discussion and Analysis
For the Three Months Ended October 31, 2021

statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out in this MD&A generally and certain economic and business factors, some of which may be beyond the control of the Company. In addition, the global financial and credit markets have experienced significant debt and equity market and commodity price volatility which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, the Company's securityholders should not place undue reliance on forward-looking statements.

Additional Information

Additional information relating to the Company is available in the prospectus on www.danavation.com