This Management Discussion and Analysis ("MD&A") of VERSES Technologies Inc. (Formerly, Chromos Capital Corp.) ("Company" or "VERSES") is for the three months ended June 30, 2022, and is prepared by management using information available as of August 15, 2022. The Company's fiscal year end is the last day in March. The three months ended June 30, 2022, is referred to as "Q1 2023", and the three months ended on June 30, 2021 is referred to as "Q1 2022". This MD&A should be read in conjunction with the condensed consolidated interim financial statements of the Company for the three months ended June 30, 2022 and the Company's audited consolidated financial statements for the year ended March 31, 2022, and the notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

This MD&A complements and supplements, but does not form part of, the Company's condensed consolidated interim financial statements. This MD&A contains forward-looking statements. Statements regarding the adequacy of cash resources to carry out the Company's exploration programs or the need for future financing are forward-looking statements. All forward-looking statements, including those not specifically identified herein, are made subject to cautionary language.

This MD&A is prepared in conformity with National Instrument ("NI") 51-102F1 Continuous Disclosure Obligations.

All dollar amounts referred to in this MD&A are expressed in United States dollars unless otherwise indicated.

DISCLAIMER FOR FORWARD LOOKING STATEMENTS

This following Management's Discussion and Analysis contains "forward-looking statements" (also referred to as "forward-looking information") within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical facts, included in this Management's Discussion and Analysis that address activities, events or developments that the Company expects or anticipate will or may occur in the future, including statements about the anticipated impact of the operations of the Company, as well as the benefits expected to result from capital expenditures, potential management contracts for ongoing services, and other such matters are forward-looking statements. When used in this Management's Discussion and Analysis, the words "estimate", "plan", "anticipate", "expect", "intend", "believe" and similar expressions are intended to identify forward-looking statements. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Management's Discussion and Analysis. Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include but are not limited to risks related to: general business operations; sales assumptions; limited operating history; development of the Company's brand; competition; need for continued improvement; intellectual property issues; interactive digital media; potential liability claims; litigation; insurance; economic downturns; currency; key personnel; conflicts of interest; changes in general applicable laws; compliance with advertising laws and regulations; foreign operations; operations in Brazil; no guaranteed return on investment; dilution; fluctuation of share price; access to capital; internal controls; accounting policies; and other factors beyond the control of the Company. These statements involve known and unknown risks, uncertainties and other factors which 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. Such factors include, among others, the risks as more particularly described under "Risk Factors." Although the Company attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

BUSINESS OVERVIEW

The Company was incorporated under the BCBCA on November 19, 2020, under the name Chromos Capital Corp. On June 17, 2021, the Company changed its name to VERSES Technologies Inc.

The Company's head office is located at 205 - 810 Quayside Drive, New Westminster, BC V3M 6B9 Canada and its registered and records office is located at 595 Howe Street, 10th Floor, Vancouver, BC V6C 2T5 Canada. The Company also has offices located at 5877 Obama Blvd, Los Angeles, California, 90016 USA and 8643 Hayden Place, Culver City, California 90232 USA.

VERSES is a technology company that is developing the COSM Operating System which accelerates next generation application development and deployment for the Internet of Things (IoT) by helping manage location-based network level resources (identity, credentials, access control, context, compute, storage, bandwidth, etc.) on the Spatial Web (as defined below).

VERSES also develops first party Spatial Web applications built on COSM, and anticipates opening the COSM Exchange - a marketplace for connectors, devices, datasets, and AI models for third party services and developers.

VERSES' business is based on the vision of the "Spatial Web" – an open, hyper-connected, context-aware, governance-based network of humans, machines and AI. VERSES' core platform, the COSM Operating System, is a network operating system that streamlines development and deployment of autonomous applications on the Spatial Web.

The Spatial Web, a network that integrates Web 3.0, Industry 4.0, Metaverse and IoT, and in particular, its applications, are expected to create economic value and growth as witnessed with predecessor technology paradigm shifts such as Industry 1.0 (mechanical), Industry 2.0 (steam/electric) and Industry 3.0 (computers/automation).

COSM is a network operating system for managing the interactions and transactions between humans, machines, and AI on the Spatial Web. Each "Participant" – being people, assets, devices, organizations, applications on the network – publishes its identity and location and, subject to access control permissions, Participant profile information such as attributes, authorizations, and capabilities can be correlated and contextualized with other Participant information as interrelationships and interdependencies in a graph data structure. Participants may search, browse, filter, and sort this enriched Context Complete data model in order to access relevant information, instructions, content, and experiences. Every Participant, by virtue of their activity on the network, generates more context resulting in a dynamic, shared contextual data model with the type of powerful network effects that generate the kind of mutual value exhibited by Web 2.0 crowdsourced systems such as Wikipedia, but translated into digitally enhanced, real-world operational environments.

COSM enables the development and deployment of a new class of hyper-integrated context-aware autonomous applications that support cross-platform networking between disparate hardware (i.e. drones, sensors, smart devices, robots) and software systems (i.e. enterprise services, cloud platforms, mobile applications, artificial intelligence). It is composed of five "Flow Modules" that work in concert to process and synthesize data coming from various IoT sensors and digital information systems into a coherent human-readable and machine-executable structure for purposes of delivering greater intelligence and automation of Human, IoT, AI, and Robotic field activities.

VERSES' flagship COSM application, WayFinder, provides for the optimization and automation of task-based operations in logistics heavy environments such as warehouses and retail locations by improving the use of space and the flow of assets in it via highly contextualized predictive intelligence and AI-assisted modeling and routing. Wayfinder leverages a spatial model of the warehouse to direct pickers to the exact location in the 3D space. This spatial model can be used to coordinate human activity alongside autonomous robots and drones for optimizing various tasks. WayFinder directs users through a multi-modal guided workflow with both visual and audio instructions via a handheld mobile app or augmented reality glasses. For example, it helps warehouse workers quickly navigate through fulfillment zones to pick products using visual (map) and voice queues. WayFinder assists warehouse workers with several tasks including picking, putaway, inventory inquiries, and replenishment. WayFinder improves labor management by decreasing training time and eases the cognitive load for workers. WayFinder has been ported to Magic Leap and Microsoft HoloLens Augmented Reality headsets for hands-free operation and is being tested in Proof of Concepts with major service providers and retailers.

On June 21, 2021, the Company entered into a Contribution Agreement (the "Contribution Agreement) with Verses Technologies USA, Inc. (formerly Verses Labs Inc.) ("VTU"). Pursuant to the Contribution Agreement, the VTU's shareholders exchanged all of the outstanding common shares for common shares of the Company (the "Transaction"). Upon closing of the Transaction on July 20, 2021, VTU became a wholly owned subsidiary of VTI for legal purposes. The shareholders of VTU had control of the Company and as a result, the Transaction is considered a reverse take-over of VTI by VTU ("RTO").

Highlights - Q1 2023

On June 9, 2022, the Company adopted its Omnibus Equity Incentive Plan ("the Plan"), which is applicable to directors, officers, employees and consultants. Under the Plan, the aggregate number of shares reserved for issuance pursuant to awards granted under this Plan shall not exceed 25% of the Company's total issued and outstanding shares from time to time. Options expiry date cannot be later than 10 years from the grant date, RSU and PSU settlement date shall be no later than the final business day of the third calendar year following the applicable service year. This Plan is considered an "evergreen" plan, since the shares covered by awards which have been settled, exercised or terminated shall be available for subsequent grants under the Plan, and the number of awards available to grant increases as the number of issued and outstanding shares increases. A subsidiary of the Company may also adopt an incentive stock option plan to provide for the issuance of equity-based incentive awards (a "Subsidiary Plan"); provided however, that any Subsidiary Plan will be subject to the terms and conditions of the Plan.

On June 13, 2022, the Company granted:

i. 818,794 warrants to a strategic consultant for services related to branding and communications services of the Company with an exercise price of CAD$0.80, expiring in 2 years. The warrants were fair valued at $271,507 estimated using the Black-Scholes option pricing model.
ii. 160,000 warrants to strategic consultants for services related to corporate advisory services of the Company with an exercise price of CAD$0.80, expiring in 2 years. The warrants were fair valued at $100,000 based on the fair value of the services provided.

On June 16, 2022, the Company granted:

i. 2,500,000 stock options to new directors with an exercise price of CAD$0.80, expiring in 5 years and vesting 25% on the date of listing of the Class A shares on the NEO Stock Exchange ("Listing") and 25% each 6 months thereafter (note 10). The stock options were fair valued at $1,168,994.
ii. 550,000 stock options to strategic consultants of the Company with an exercise price of CAD$0.80, expiring in 5 years, and vested immediately upon grant. The stock options were fair valued at $257,178.
iii. 1,000,000 stock options to the Company's financial advisor with an exercise price of CAD$0.80, expiring in 5 years, and vested immediately upon grant. The stock options were fair valued at $467,598.
iv. 500,000 restricted share units ("RSUs") to a new director, with no exercise price and expiring in 10 years, vesting 1/3 on the first anniversary of the Listing and 1/3 each subsequent anniversary thereafter (note 10). The RSUs were fair valued at $309,400.

Pursuant to National Policy 46-201, out of the securities granted and issued on June 16, 2022, 1,875,000 stock options and 375,000 restricted share units are held in escrow and will be released on December 28, 2022 (⅓), June 28, 2023 (⅓), and December 28, 2023 (⅓).

On June 28, 2022, the Subordinate Class A Voting Shares of the Company were listed and started trading on the NEO Exchange Inc. ("NEO") under the symbol "VERS".

On July 15, 2022, the Company announced the commercial availability of two solutions for the supply chain and logistics markets, COSM™ AI Operating System (AIOS) and Wayfinder™, AI-powered spatial picking software. Offering insight, prediction, and real-world optimization throughout the distribution center and warehouse, VERSES' suite of technology aims to modernize the traditional approach to worker performance and experience, inventory and capacity planning and facility management and space utilization.

On July 19, 2022, the Company announced its expanded deployment of Wayfinder™ spatial order picking software to all eighteen North American distribution centers for NRI Distribution Inc. ("NRI"), a leading third-party logistics (3PL) provider, pursuant to a SaaS agreement previously entered into between VERSES and NRI. This deployment builds upon the success of a multi-site Wayfinder pilot program and is an important step in NRI's growth strategy to provide comprehensive logistics services for their omnichannel partners and the ongoing commercialization and expansion of VERSES technologies in the global supply chain sector.

On July 27, 2022, the Company announced its wholly owned subsidiary VLOG has entered into an operating partner agreement with Tompkins Ventures, an executive supply chain match-making firm, to introduce VERSES and its technology to companies within the supply chain industry to help accelerate the adoption of VERSES' technology portfolio. Tompkins Ventures will receive a percentage-based commission on each successful business arrangement entered into by VERSES and a company introduced by Tompkins Ventures.

On August 09, 2022, the Company announced a non-brokered private placement of units for gross proceeds of up to CAD$10,000,000 through the sale of up to 10,000,000 units at a price of CAD$1.00 per unit. Each unit will be comprised of one Class A subordinate voting share ("Class A share") in the capital of VERSES and one-half of a Class A Share purchase warrant. Each warrant will be exercisable into one Class A Share at a price of CAD$1.20 per share until August 15, 2025.

On August 11, 2022 the Company completed the first tranche of its non-brokered private placement and raised gross proceeds of CAD$5,240,000 by issuing 5,240,000 units of the Company at a price of CAD$1.00 per unit. Each unit is comprised of one Class A Share of the Company and one-half of a Class A Share purchase warrant. Each whole purchase warrant is exercisable into one Class A Share of the Company at a price of CAD$1.20 per purchase warrant until August 15, 2025. In relation to the financing the Company paid cash finders fees of CAD$397,800 and issued 397,800 finders warrants. Each finders warrant is exercisable into one Class A Share of the Company at a price of CAD$1.20 per finders warrant until August 15, 2025.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table presents selected financial information for each of the last eight quarters.

	June 30, 2022	*March 31, 2022*	*December 31, 2021*	*September 30, 2021*
	$	*$*	*$*	*$*
Revenue	373,519	19,331	666,707	1,728,386
Net Comprehensive profit (loss)	(5,188,088)	(1,155,582)	(3,654,759)	(4,102,103)
Total assets	6,126,884	9,028,388	11,246,275	2,484,933
Working capital (deficit)	2,653,482	6,514,837	9,375,459	(2,099,578)

	June 30, 2021	*March 31, 2021*	*December 31, 2020*	*September 30, 2020*
	$	*$*	*$*	*$*
Revenue	359,417	40,000	57,200	-
Net Comprehensive profit (loss)	(203,003)	(1,093,221)	(543,342)	(526,878)
Total assets	921,048	909,247	1,795,019	254,238
Working capital (deficit)	(5,547,479)	(5,588,564)	(6,838,017)	(4,493,979)

During the quarter ending September 30, 2021, the Company recorded revenues of $1,728,386 and net comprehensive loss of $4,102,103 compared to no revenues and net comprehensive loss of $526,878 during the quarter ending September 30, 2020. The Company's total assets at September 30, 2021 were $2,484,933, an increase of $2,230,695 from $254,238 at September 30, 2020. The Company's working deficiency at September 30, 2021 was $2,099,578, an increase of $2,394,401 from $4,493,979 at September 30, 2020.

During the quarter ending December 31, 2021, the Company recorded revenues of $666,707 and net comprehensive loss of $3,654,759 compared to revenues of $57,200 and net comprehensive loss of $543,342 during the quarter ending December 31, 2020. The Company's total assets at December 31, 2021 were $11,246,275, an increase of $9,451,256 from $1,795,019 at December 31, 2020. The Company's working capital at December 31, 2021 was $9,375,459, an increase of $16,213,476 from the working deficiency of $6,838,017 at December 31, 2020.

During the quarter ending March 31, 2022, the Company recorded revenues of $19,331 and net comprehensive loss of $1,155,582 compared to revenues of $40,000 and net comprehensive loss of $1,093,221 during the quarter ending March 31, 2021. The Company's total assets at March 31, 2022 were $9,028,388, an increase of $8,119,141 from $909,247 at March 31, 2021. The Company's working capital at March 31, 2022 was $6,514,837, an increase of $12,103,401 from the working deficiency of $5,588,564 at March 31, 2021.

During the quarter ending June 30, 2022, the Company recorded revenues of $373,519 and net comprehensive loss of $5,188,088 compared to revenues of $359,417 and net comprehensive loss of $203,003 during the quarter ending June 30, 2021. The Company's total assets at June 30, 2022 were $6,126,884, an increase of $5,205,836 from $921,048 at June 30, 2021. The Company's working capital at June 30, 2022 was $2,653,482, an increase of $8,200,961 from a deficiency of $5,547,479 at June 30, 2021.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table sets forth selected financial information for Q1 2023 and Q1 2022, which has been derived from the condensed consolidated interim financial statements and accompanying notes, in each case prepared in accordance with IFRS. The following discussion should be read in conjunction with the condensed consolidated interim financial statements, and it may not be indicative of the Company's future performance.

	Q1 2023	*Q1 2022*
	$	*$*
Total revenue	373,519	359,417
Net loss	(5,187,227)	(203,003)
Loss Per Class A Subordinate Voting Shares - Basic and Diluted	(0.05)	(0.02)
Loss Per Class B Proportionate Voting Shares - Basic and Diluted	(0.32)	N/A
Total assets	6,126,884	909,247
Total liabilities	3,164,285	7,045,690

The following table provides an overview of the financial results in Q1 2023 as compared to Q1 2022:

	Q1 2023	*Q1 2022*
Revenue	$ 373,519	$ 359,417
Cost of revenue	(273,785)	(305,268)
	99,734	54,149
Expenses:		
Accounting fees	228,089	-
Consulting fees	195,614	-
Depreciation	56,527	-
Investor relations	46,912	-
Legal Fees	336,070	114,591
Management fees	288,436	550,672
Marketing	709,130	-
Office and general	235,475	59,181
Personnel expenses	560,799	-
Rent	2,220	15,210
Research and Development	1,297,222	-
Share based payments	1,063,241	-
Travel and meals	346,107	6,489
	5,365,842	746,143
Other items:		
Interest expense	(6,388)	(50,513)
Other income	13,702	377,737
Grant income	71,567	161,767
Loss before income taxes	$ (5,187,227)	$ (203,003)

DISCUSSIONS OF OPERATIONS

VERSES recorded a net loss of $5,187,227 in Q1 2023, which is $4,984,224 higher than the loss of $203,003 in the Q1 2022 mainly due to higher expenses with research and development ($1,297,222), share based payments ($1,063,241), marketing ($709,130), personnel expenses ($560,799), and travel expenses ($339,618).

Revenues

During Q1 2023, the Company's revenue increased by $14,102 from $359,417 during Q1 2022. This increase is attributable to an increase in software as a service arrangements.

For the period ended	*Q1 2023*	*Q1 2022*	*Change*
Recognized at a point in time	$ 98,000	$ 292,750	$ (194,750)
Recognized over the duration of contracts	275,519	66,667	208,852
Total Revenue	$ 373,519	$ 359,417	$ 14,102

Cost of revenue

The Company incurred $273,785 in cost of revenue during Q1 2023, a decrease of $31,483 when compared to Q1 2022. In Q1 2022 the Company incurred large costs related to the rollout of the SaaS solution to one of its customers. These costs were not incurred in Q1 2023 resulting in a decrease of cost of revenue.

Expenses

Expenses increased $4,616,699 from $746,143 in Q1 2023 to $5,365,842 in Q1 2023. The changes in expenses were primarily attributable to the following items:

For the period ended	*Q1 2023*	*Q1 2022*	*Change*
Accounting fees	$ 228,089	$ -	$ 228,089
Consulting fees	195,614	-	195,614
Depreciation	56,527	-	56,527
Investor relations	46,912	-	46,912
Legal Fees	336,070	114,591	221,479
Management fees	288,436	550,672	(262,236)
Marketing	709,130	-	709,130
Office and general	235,475	59,181	176,294
Personnel expenses	560,799	-	560,799
Rent	2,220	15,210	(12,990)
Research and Development	1,297,222	-	1,297,222
Share based payments	1,063,241	-	1,063,241
Travel and meals	346,107	6,489	339,618
Total operating expenses	$ 5,365,842	$ 746,143	$ 4,619,699

- Accounting fees increased by $228,089 as a result of additional outsourced finance and accounting services ($75,242), for audit-related work in preparation for public listing ($126,973), and tax professional services ($20,079).

- Consulting fees increased by $195,614 which $138,186 is related to advisory services and $57,428 is attributable to personnel assigned to the government grant received from INEA (Innovation and Networks Executive Agency) which is delegated under the European Commission.

- Investor relations increased by $46,912 becasue the company went public on June 28, 2022 and started having investor's communication expenditures.

- Legal Fees increased $221,479 when compared to the previous year because new legal offices were engaged to support the various transactions and public listing of the Company.

- Management fees decreased by $262,236 due to key positions of the Company converting their independent contractor agreements into payroll agreements to be hired as payroll employees.

- The increase of $709,130 related to marketing is mainly attributable to branding campaign costs ($346,508), marketing support ($211,013), and spatial web adoption services ($151,300) .

- Office in general increased by $176,294 mainly due to general subscriptions ($53,817), information technology support services ($46,785), and payroll services ($16,037).

- Personnel expenses increased by $560,799 as a result of the Company converting some of the independent contractor agreements to payroll employees and hiring additional key personnel to support the Company's growth ($441,499) and specialized executive search consulting ($119,300).

- Research and development increased by $1,297,222 because the Company focused on the development of the COSM Operating System and Wayfinder product.

- Share based compensation increased by $1,063,241 due to stock options and restricted stocks units granted to the Board of Directors and key strategic consultants.

- Travel and meals increased by $339,618 due to the development team's retreat ($166,073) and less travel restrictions in force.

Other items

During Q1 2023, other items amounted to $78,881 which is a decrease of $410,110 from $488,991 during Q1 2022. The changes in other items were impacted by the following items:

For the period ended	*Q1 2023*	*Q1 2022*	*Change*
Interest expense	(6,388)	(50,513)	44,125
Other income	13,702	377,737	(364,035)
Grant income	71,567	161,767	(90,200)
Total other items	$ 78,881	$ 488,991	$ (410,110)

- Interest expense was lower because the Company was able to repay its related party loans during the year ended March 31, 2022.
- Other income of $13,702 related to interest income from the Company's saving account. A decrease of $364,035 compared to Q1 2022 because a gain on settlement of payables was recognized in Q1 2022 ($377,737).
- Grant income was related to a government grant received from Innovation and Networks Executive Agency (INEA), which was delegated under the European Commission. The grant was awarded for the project entitled Creating the 21st century spatial ecosystem – FF2020. Grant income was decreased because the Company reduced the number of consultants working on the project, according to the outstanding requirements.

LIQUIDITY AND CAPITAL RESOURCES

For the period ended	*Q1 2023*	*Q1 2022*	*Change*
Cash used in operating activities	$ (3,638,402)	$ (735,189)	$ (2,903,213)
Cash used in investing activities	(120,014)	-	(120,014)
Cash provided (used in) financing activities	(34,793)	428,525	(463,318)
Foreign exchange effect on cash	(861)	-	(861)
Net change in cash and restricted during the period	$ (3,794,070)	$ (306,664)	$ (3,487,406)

Cash used in operating activities is comprised of net loss, add-back of non-cash expenses, and net change in non-cash working capital items. Cash used in operating activities increased to $3,638,402 in Q1 2023 from $735,189 in Q1 2022. This increase of $2,903,213 is attributed to the higher loss reported in Q1 2023 ($4,984,224) and:

- Prepaid expenses of $(392,245).
- Accounts payable and accrued liabilities of $706,681.

Cash used in investing activities is due to the acquisition of computer equipment $(120,014).

The decrease in financing activities is mainly due to:

- Shares subscription received in advance in Q1 2022 $(280,000).
- Issuance of VTI promissory note received in Q1 2022 $(250,000).

As at June 30, 2022, the Company had a positive working capital of $2,653,482 compared to a positive working of $6,514,837 as at March 31, 2022.

The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and its success with its strategic collaborations. Any quoted market for the Company's shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating new revenues, cash flows or earnings.

Historically, the Company has used net proceeds from issuances of debt and shares to provide sufficient funds to meet its near-term asset development plans and other contractual obligations when due.

COMMITMENTS

The Company has an obligation to pay royalties to Cyberlab, LLC, in the case of a liquidity event of one of the Company's subsidiaries. A liquidity event includes, an initial public offering, acquisition for cash or third-party shares, or a combination of cash and third-party shares; or any other event resulting in a capital gain to the shareholders of the subsidiary and the financial assets associated; and is further defined as a sale of a controlling interest in the respective subsidiary. Payments under the Cyberlab royalty, when triggered, will equal 10% of VTU's interest in an applicable liquidity event and shall be made as soon as practical following a liquidity event.

The Company is obligated to grant stock options ("Options"), deferred share units ("DSU") or restricted stock units ("RSU") to qualifying consultants and employees at terms to be determined at grant date based on the market price of the Company's shares.

Equity Compensation Type	Company	Equity Incentive Units
Options, RSU or DSU	Verses Technologies Inc.	13,047,950
Options, RSU or DSU	Verses Global BV	800,000
Options, RSU or DSU	Verses Logistics Inc.	1,057,500
Options, RSU or DSU	Verses, Inc.	2,455,845

The Company has also entered into severance agreements with executives of the Company. In the case of involuntary termination or a change in control, the executives are entitled to a monetary payment equal to 12 months worth of base salary, continuation for 12 months of medical and dental insurance under COBRA or similar procedural mechanisms, and immediate, accelerated vesting of all stock options, equity, and related compensation.

OUTSTANDING SHARE CAPITAL

Effective July 20, 2021, the Company amended its Articles to create an unlimited number of Class A shares and unlimited number of Class B shares. Each Class A share shall entitle the holder thereof to one vote. Each Class B share shall entitle the holder thereof to 6.25 votes and such proportionate dividends and liquidation rights. Each Class B share is convertible, at the option of the holder, into 6.25 Class A shares. Issued and outstanding share capital is as follows:

As at	*The date of this MD&A*	*June 30, 2022*
Shares issued to Class A shareholders	45,622,512	40,382,512
Shares issued to Class B shareholders	10,000,000	10,000,000

OUTSTANDING WARRANTS

As at		*The date of this MD&A*	*June 30, 2022*
Warrants	(Note 1)	1,250,000	1,250,000
Warrants	(Note 2)	13,081,331	12,102,537
Warrants	(Note 3)	2,620,000	-
		16,951,331	13,352,537

Notes:

(1) Assumed from VHI - each warrant entitles the holder thereof to acquire one Class A Share of the Company for a price of CAD$0.40 per Class A Share until April 15, 2026.

(2) - 10,000,000 warrants are exercisable at CAD$1.20 into one Class A shares.
- 1,601,000 finder's warrants issued are exercisable at CAD$0.80 into one Class A share and one-half share purchase warrant, where each full warrant is exercisable at CAD $1.20 into one Class A share.
- 501,537 finder's warrants are exercisable at CAD$1.20 into one Class A share.
- 978,794 warrants are exercisable at CAD$0.80 into one Class A share.

(3) 2,620,000 warrants are exercisable at CAD$1.20 into one Class A share.

OUTSTANDING STOCK OPTIONS

As at		*The date of this MD&A*	*June 30, 2022*
Stock options	(Note 1)	4,050,000	4,050,000

(1) Stock options are exercisable at CAD$0.80 into one Class A shares.

OUTSTANDING RESTRICTED SHARE UNITS ("RSUs")

As at		*The date of this MD&A*	*June 30, 2022*
RSUs	(Note 1)	500,000	500,000

(1) RSUs are exercisable into one Class A shares.

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties consist of the directors, executive officers, and companies owned in whole or in part by those individuals. Transactions are measured at the exchange amount, which is the amount agreed to by the parties.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and senior officers.

The following fees, salaries, and expenses were incurred:

For the period ended	*Q1 2023*	*Q1 2022*
Management fees	$ -	$ 211,914
Management salaries	288,436	-
Share-based payments	338,465	-
	$ 626,901	$ 211,914

The following management members incurred in the management fees and salaries:

For the period ended	*Q1 2023*	*Q1 2022*
Management fees, Chief Executive Officer and Founder	$ -	$ 54,414
Management salaries, Chief Executive Officer and Founder	80,586	-
Management fees, President and Founder	-	51,000
Management salaries, President and Founder	69,837	-
Management fees, Chief Financial Officer	-	27,000
Management salaries, Chief Financial Officer	72,733	-
Management fees, Director of Product Integration	-	47,500
Management fees, Chief Marketing Officer	-	32,000
Management salaries, Chief Marketing Officer	65,280	-
Total	$ 288,436	$ 211,914

The following fees and expenses were incurred:

Amounts due to or from related parties, including amounts due to key management personnel, at the period-end are unsecured, interest-free, and settlement generally occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. Included in accounts payable and accrued liabilities at June 30, 2022 were amounts totaling $nil (March 31, 2022 – $12,867) due to key management personnel. Included in accounts receivable at June 30, 2022 were amounts totalling $301,734 (March 31, 2022 - $186,254) due from a company controlled by key management personnel.

FINANCIAL INSTRUMENTS

As at June 30, 2022, the Company's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, loans payable, lease liability, and SAFEs.

IFRS 13 Fair Value Measurement establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e., quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

The fair value of cash and restricted cash is measured using level 1 inputs and the fair value of SAFEs is measured using level 3 inputs.

The carrying value of the Company's other financial instruments approximate their fair values due to their short-term maturities.

There were no transfers between the levels of the fair value hierarchy during the year.

As of June 30, 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:				
Cash	$ 2,664,876	$ -	$ -	$ 2,664,876
Restricted Cash	$ 5,045	$ -	$ -	$ 5,045
Liabilities:				
SAFE	$ -	$ -	$ 1,025,000	$ 1,025,000

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The financial instrument that potentially subjects the Company to concentrations of credit risk consists principally of cash and accounts receivable. To minimize the credit risk, the Company places its cash with high quality financial institutions.

Subsequent to June 30, 2022, the Company received $50,000 of the trade accounts receivable balance of $98,000 and the remaining balance is still not still not yet past due. The remaining accounts receivable of $301,913 are due from companies controlled by key management personnel. The credit risk is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Contractual cash flow requirements as at June 30, 2022 were as follows:

	<1 year	1-2 years	2-5 years	>5 years	Total
	$	$	$	$	$
Accounts payable and accrued liabilities	1,549,524	-	-	-	1,549,524
Leases	98,563	110,017	-	-	208,580
SAFE	1,025,000	-	-	-	1,025,000
Loans payable	7,752	7,752	23,256	106,380	145,140
Total	2,680,839	117,769	23,256	106,380	2,928,244

As at June 30, 2022, the Company had a working capital of $2,653,482 (March 31, 2022 - $6,514,837).

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. The Company has financial assets denoted in Euros, and Canadian dollars, and is therefore exposed to exchange rate fluctuations. At June 30, 2022, the Company had the equivalent of $21,261 (March 31, 2022 - $75,015) in net financial liabilities denominated in Euros and $175,004 (March 31, 2022 - $35,788) net financial liabilities denominated in Canadian dollars.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The interest earned on cash balances approximate fair value rates, and the Company is not at a significant risk to fluctuating interest rates. As at June 30, 2022, the Company does not hold any liabilities that are subject to fluctuations in market interest rates.

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 currency risk. The Company is not exposed to other price risk.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The information included in the condensed consolidated interim financial statements and this MD&A is the responsibility of management, and their preparation requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements, and the reported amount of expenses during the reported period. Actual results could differ from those estimates.

COVID-19 IMPACT ON OPERATIONS AND FINANCIAL POSITION

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds.

CONFLICT IN UKRAINE

The Company's business financial condition and results of operations may be further negatively affected by economic and other consequences from the conflict in the Ukraine and the sanctions imposed in response to that action in late February 2022. While the Company expects any direct impacts of the pandemic and the conflict in Ukraine to the business to be limited, the indirect impacts on the economy and on the industry the company operates, and other industries in general could negatively affect the business and may make it more difficult for it to raise equity or debt financing. There can be no assurance that the Company will not be impacted by adverse consequences that may be brought about on its business, results of operations, financial position and cash flows in the future.

RELIANCE ON KEY PERSONNEL

The success of the Company will be largely dependent upon the performance of its management and key employees and contractors. In assessing the risk of an investment in the shares of the Company, potential investors should realize that they are relying on the experience, judgment, discretion, integrity and good faith of the proposed management of the Company.

CONFLICTS OF INTEREST

Certain directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. As a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The Business Corporations Act (British Columbia) (the "BCBCA") provides that in the event that a director or senior officer has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director or senior officer must disclose his or her interest in such contract or agreement and a director must refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA. To the knowledge of the management of the Company, as at the date of this MD&A, there are no existing or potential material conflicts of interest between the Company and a director or officer of the Company, except as otherwise disclosed in this MD&A.

DIVIDENDS

To date, the Company has not paid any dividends on its outstanding common shares. Any decision to pay dividends on the shares of the Company will be made by the Board of Directors on the basis of the Company's earnings, financial requirements and other conditions.

LIMITED OPERATING HISTORY

The Company was incorporated in November 2020 and has yet to generate a profit from its activities. The Company will be subject to all of the business risks and uncertainties associated with any business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

OTHER RISK FACTORS

The Company is subject to a number of other risks and uncertainties and is affected by several factors which could have a material adverse effect on the Company's business, financial condition, operating results, and/or future prospects. These risks should be considered when evaluating an investment in the Company and may, among other things, cause a decline in the price of the Company's securities. The risks and uncertainties which Management considered the most material to the Company's business are described in the section entitled, "RISK FACTORS" of the Company's Annual Information Form filled on Sedar on July 04, 2022.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in the reports that the Company publicly files is recorded, processed, summarized and reported within a timely manner and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding disclosure. An evaluation of the design of the Company's disclosure controls and procedures, as defined under National Instrument 52-109 - Certification of Disclosure in issuers' Annual and Interim Filings ("NI 52-109"), was carried out under the supervision of the CEO and CFO and with the participation of the Company's management. Based on that evaluation, the CEO and CFO have concluded that the design and implementation of these controls were effective as of June 30, 2022.

Company also maintains a system of internal controls over financial reporting designed under the supervision of the Company's CEO and CFO to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. As required by NI 52-109, the CEO and CFO have caused the effectiveness of the internal controls over financial reporting to be evaluated using the framework (2013) established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on that evaluation, the CEO and CFO have concluded that the design and implementation of the Company's internal controls over financial reporting, as defined by NI 52-109, were effective as at June 30, 2022.

ADDITIONAL INFORMATION

Additional information about the Company, including the financial statements, is available on the Company's website at https://www.verses.io and on SEDAR at *www.sedar.com*.