

Management's discussion and analysis of the financial condition  
and results of operations of

## **HAVILAND ENVIRO CORP.**

**A Capital Pool Corporation**

For the three and nine months ended December 31, 2024 and 2023

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## **HAVILAND ENVIRO CORP.**

**A Capital Pool Corporation**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **of the Financial Condition and Results of Operations**

For the three and nine months ended December 31, 2024 and 2023

February 25, 2025

## **1. INTRODUCTION**

This management's discussion and analysis ("MD&A") of the financial condition and results of operations of Haviland Enviro Corp. ("Haviland" or the "Company") is supplementary to, and should be read in conjunction with, the Company's unaudited condensed interim financial statements for the three and nine months ended December 31, 2024 and 2023. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and the Company's financial statements are prepared in accordance with the International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors (the "Board"), considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of the Company's common shares; (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Information about the Company and its operations can be obtained from its registered head office located at Suite 600 – 890 West Pender Street, Vancouver British Columbia Canada V6C 1J9, or under the Company's profile at [www.SEDARplus.ca](http://www.SEDARplus.ca) ("SEDAR+").

## **2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

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Forward-looking statements used in this MD&A are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the actual results may vary materially from those expected, estimated or projected. The Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Given these uncertainties, the reader of the information included herein is cautioned not to place undue reliance on such forward-looking statements.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's unaudited condensed interim financial statements and notes thereto for the three and nine months ended December 31, 2024 and 2023, which have been prepared in accordance with IFRS. The Company's significant accounting policies are summarized in detail in note 3 of the Company's audited financial statements for the year ended March 31, 2024, which are available under the Company's profile on SEDAR+.

### **4. OVERVIEW AND SIGNIFICANT CURRENT EVENTS**

#### **The Company**

Haviland Enviro Corp. was incorporated January 26, 2022, pursuant to the provisions of the Business Corporations Act (British Columbia). The Company's corporate and tax year-end is March 31.

#### **Change of Management**

As previously reported, on January 31, 2025 Albert Contardi resigned from his positions as Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and director of the Company.

On February 12, 2025, the Company appointed David Johnston who is a current director as the new CEO, and appointed Monique Charbonneau to fill the CFO and director vacancies.

#### **Initial Public Offering**

On February 7, 2023, the Company closed its Initial Public Offering (the "Offering") and is carrying on business as a Capital Pool Corporation ("CPC") as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 – Capital Pool Companies ("CPC Policy 2.4"). Upon completion, the Company's shares were listed for trading on the Exchange under the symbol "HEC.P".

As at December 31, 2024, the Company had no business operations. The Company's principal purpose is the identification, evaluation and acquisition of assets, properties or businesses or participation therein subject, in certain cases, to shareholder approval and acceptance by the Exchange, in its efforts to complete a "Qualifying Transaction", as such term is defined in the Exchange CPC Policy 2.4.

Where a Qualifying Transaction warrants, additional funding may be required. The ability of the Company to fund its potential future operations and commitments may be dependent upon the ability of the Company to obtain additional financing and complete a Qualifying Transaction.

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**Proposed Qualifying Transaction**

On May 9, 2023, the Company entered into a Letter of Intent with Xogen Technologies Inc. ("Xogen"), a private company incorporated under the laws of the Province of Alberta, which outlines the general terms and conditions of a proposed transaction ("Proposed Transaction"). On July 25, 2024, the Company and Xogen amended the LOI to extend the deadline for entering into a definitive agreement to September 30, 2024 and to extend the proposed closing date to November 30, 2024, both of which have now lapsed. The Company intends to further extend these respective deadlines.

It is anticipated that the Proposed Transaction will constitute the Qualifying Transaction of the Company. The Proposed Transaction will not constitute a Non-Arm's Length Transaction as such term is defined in the CPC Policy 2.4. Trading in the common shares of the Company was halted pursuant to the policies of the Exchange. There is no guarantee that this Proposed Transaction will be completed.

**Cash restriction**

There is a restriction on the use of proceeds realized from the sale of all securities issued by the Company as a CPC. The gross proceeds raised from the Offering may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction, with the exception that general and administrative expenses are capped at \$3,000 per month, including for professional accounting, advisory, and legal services expenses, and are not time limited.

**5. SHARE CAPITAL**

	Number of Common Shares	Amount
Balance as at March 31, 2023, March 31, 2024, December 31, 2024 and February 24, 2025	12,606,500	\$ 795,141

During fiscal 2023, the Company issued an aggregate of 2,200,000 seed shares to directors and officers of the Company and an additional 5,200,000 seed shares to other investors, at a price of \$0.05 per share, for gross proceeds of \$370,000.

**Initial Public Offering**

On February 7, 2023, the Company completed its Offering pursuant to which it issued 5,206,500 common shares at \$0.10 per share, for aggregate proceeds of \$520,650.

**Stock options issued**

On February 7, 2023, the directors and officers of the Company were granted options ("Stock Options") pursuant to the Company's incentive stock option plan to purchase an aggregate of up to 400,000 common shares at \$0.10 per share for a period of three years from the date of grant.

These Stock Options vested immediately upon grant and were valued upon issuance at \$28,691 using the Black-Scholes option pricing model with the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of three years, expected dividend yield of 0%, a risk free rate of 3.65% and a share price of \$0.10. The weighted average remaining life of these Stock Options as at December 31, 2024 is 1.1 years.

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### Shares subject to escrow

Upon completion of the Offering on February 7, 2023, all issued and outstanding seed shares became subject to a uniform 18-month escrow release schedule following the closing of a Qualifying Transaction, and will be released as to 25% on the date of the final Qualifying Transaction Exchange bulletin and an additional 25% on each of the dates that are 6, 12 and 18 months thereafter, pursuant to the terms of an Escrow Agreement dated as of November 10, 2022 between the Company, Odyssey Trust Company, and the shareholders of the Company.

Subject to certain permitted exemptions, all securities of the Company held by principals of the resulting issuer must also be escrowed.

All common shares acquired on exercise of stock options granted to directors and officers prior to completion of a Qualifying Transaction must also be deposited and held in escrow pursuant to the requirements of the Exchange.

All common shares of the Company acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited and held in escrow.

### Agent Options issued

The Offering was made on behalf of the Company by Stephen Avenue Securities Inc. (the “Agent”). Upon closing of the Offering on February 7, 2023, the Agent received a cash commission of \$30,688 and reimbursed legal and other expenses of \$11,320.

In addition, on February 7, 2023, the Agent received an aggregate of 306,880 options (“Agent Options”). Each such Agent Option entitles the holder to acquire one common share of the Company at an exercise price of \$0.10 for a period of two years. The Agent Options were valued upon issuance at \$19,005 using the Black-Scholes option pricing model based on the following assumptions: expected volatility of 120% based on the average volatility of comparable companies, expected life of two years, expected dividend yield of 0%, risk free rate of 3.96% and a share price of \$0.10. The weighted average remaining life of these Agent Options as at December 31, 2024 is 0.1 years.

Pursuant to CPC Policy 2.4, where the Agents receive an option or the right to subscribe for a certain number of shares as consideration for acting as Agents, 50% of the options exercised or 50% of the shares held pursuant to that right may be sold prior to completion of a Qualifying Transaction. The remaining 50% may only be sold after completion of a Qualifying Transaction.

## 6. RESULTS OF OPERATIONS

### Operating expenses

	Three months ended December 31,		Nine months ended December 31,	
	2024	2023	2024	2023
Qualifying transaction costs	\$ -	\$ -	\$ -	\$ 6,683
Professional fees	3,153	5,450	12,235	20,319
Filing expenses	205	5,005	719	14,152
General and administrative	6	17	1,641	1,734
Net loss from operations for the period	\$ 3,364	\$ 10,472	\$ 14,595	\$ 42,888

### Qualifying transaction costs

For the three and nine months ended December 31, 2024, the Company recorded \$Nil and \$Nil respectively in expenses associated with the proposed Qualifying Transaction with Xogen (December 31, 2023 - \$Nil and \$6,683).

### Professional fees

Professional fees include mainly legal, accounting, transfer agent, audit and tax preparation fees. For the three and nine months ended December 31, 2024, professional fees totaled 3,153 and \$12,235 respectively (December 31, 2023 - \$5,450 and \$20,319).

### Filing costs

Filing costs include mainly expenses associated with stock exchange, shareholder reporting and filing fees. Filing costs during the three and nine months ended December 31, 2024 totalled \$205 and \$719 respectively (December 31, 2023 - \$5,005 and \$14,152). Higher filing costs during the nine months ended December 31, 2023 related mainly to the timing of fees.

### **Interest income**

During the three and nine months ended December 31, 2024, interest totaling \$5,081 and \$20,387 respectively was accrued (December 31, 2023 - \$8,903 and \$9,438 respectively).

During the three and nine months ended December 31, 2024, \$1,013 and \$32,139 respectively was received in interest income earned on cash and investments (December 31, 2023 - \$542 and \$1,077 respectively).

On September 23, 2024 the Company's one-year guaranteed investment certificate ("GIC") valued at \$600,000 matured and \$30,164 in interest was received on maturity. On October 2, 2024, the Company reinvested \$550,000 into a one-year cashable GIC with an effective annual interest rate of 3%.

### **Income (loss) and comprehensive income (loss)**

The income and comprehensive income for the three and nine months ended December 31, 2024 amounted to \$1,717 and \$5,792 or \$0.00 and \$0.00 per share basic and diluted respectively, (December 31, 2023 – loss of \$1,569 and \$33,450 or \$0.00 and \$0.01 per share, basic and diluted respectively).

The net income (loss) per common share was based on the income (loss) attributable to common shareholders and the weighted average number of common shares outstanding. The income (loss) per share calculation does not include escrowed shares as they are contingently returnable.

Diluted loss per share does not include the effect of any Stock Options or Agent Options outstanding as they are anti-dilutive. Diluted income per share includes the effect of 50% of the Agent Options outstanding. The remaining 50% of the Agent Options and Stock Options are restricted until the completion of a Qualifying Transaction.

## **7. QUARTERLY FINANCIAL RESULTS**

	Fiscal 2025				Fiscal 2024			Fiscal 2023
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating expenses	3,364	5,246	5,985	28,766	10,472	10,844	21,572	89,434
Interest income	5,081	7,457	7,849	7,916	8,903	535	-	-
Income (loss) and comprehensive income (loss) for the period	\$ 1,717	\$ 2,211	\$ 1,864	(\$20,850)	(\$ 1,569)	(\$10,309)	(\$21,572)	(\$89,434)
Income (loss) per share – basic and diluted <sup>(1)</sup>	0.00	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Weighted average number of shares outstanding <sup>(2)</sup>	5,359,940	5,359,940	5,359,940	5,206,500	5,206,500	5,206,500	5,206,500	6,108,272

<sup>(1)</sup> For the periods presented, the calculation of loss per share excludes escrowed shares, options and Agent Options.

<sup>(2)</sup> For the periods presented, the weighted average number of shares outstanding excludes escrowed shares, options and Agent Options.

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## **8. RELATED PARTY TRANSACTIONS**

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions.

For the three and nine months ended December 31, 2024, the Company recorded legal services from a law firm of which a director of the Company is a Partner, totaling (\$282) and \$938 respectively (December 31, 2023 - \$6,484 and \$17,714). As at December 31, 2024, \$512 remained payable.

Refer also to the section entitled “Share Capital” for details on seed shares issued to related parties.

## **9. LIQUIDITY AND CAPITAL RESOURCES**

### **Working capital**

As at December 31, 2024, the Company had no debt and working capital totaled \$645,214 (March 31, 2024- \$639,422).

The current cash on hand is expected to be sufficient to meet the Company’s liquidity requirements until the proposed Qualifying Transaction is completed. However, upon completion of the proposed Qualifying Transaction, additional capital may be necessary.

The Company does not generate revenue from operations. However, the Company believes that its working capital will provide the Company with sufficient cash resources to meet its obligations for at least twelve months from the end of the reporting period. As the Company has no revenues, its ability to continue as a going concern is dependent on its ability to complete its proposed Qualifying Transaction.

## **10. INVESTOR RELATIONS**

Until completion of a Qualifying Transaction, neither the Company nor any party on behalf of the Company will engage the services of any person to provide investor relation activities or market making services.

## **11. PROPOSED TRANSACTIONS AND 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.

On May 9, 2023, the Company entered into a Letter of Intent with Xogen. Refer also to the section entitled “Overview and significant current events – Proposed Qualifying Transaction”.

## **12. OPERATING RISKS AND UNCERTAINTIES**

### **Management of capital**

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern and to ensure sufficient liquidity in order to continue operating as a CPC, and to complete the proposed Qualifying Transaction so that it can provide adequate returns for shareholders. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

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The Company defines capital as total shareholders' equity. The Company is not subject to any externally imposed capital requirements other than the cash restriction disclosed in the section entitled "Overview – Cash restriction" ("Cash Restriction"). There were no significant changes in the Company's approach to capital management during the periods ended December 31, 2024 and March 31, 2024.

### **Financial instruments and risk management**

The Company's activities may expose it to a variety of financial risks: fair values, credit risk, liquidity risk and market risk (including interest rate risk). The Board of Directors provides regular guidance for overall risk management.

#### Fair values

As at December 31, 2024, the Company's financial instruments consisted of cash, short-term investments, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to the relatively short-term maturity of these instruments.

The Company is exposed in varying degrees to a number of risks arising from financial instruments. Management's involvement in the operations allows for the identification of risks and variances from expectations. The Company does not participate in the use of financial instruments to mitigate these risks. The Board approves the risk management processes. The Board's main objectives for managing risks are to ensure liquidity, the fulfillment of obligations, the limitation of the Company's exposure to credit and market risks and the completion of its proposed Qualifying Transaction.

#### Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company is exposed to credit risk through its cash and short-term investment balances which, as at December 31, 2024, were held in a Canadian financial institution. The Company believes its exposure to credit risk is not significant.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Management believes the Company had no significant exposure to interest rate risk through its financial instruments because, as at December 31, 2024, its cash is invested mainly in a fixed rate GIC.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Operating risks and uncertainties – Management of capital", in normal circumstances. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and have normal trade terms.

### **Risks and uncertainties**

The Company does not have a history of operations. There is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.



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The Company's continued operation will be dependent upon its ability to close its proposed Qualifying Transaction and to generate operating revenues and to procure additional financing. To date, the Company has done so through equity financing.

The Company has no active business or assets other than cash. It does not have a history of earnings, nor has it paid any dividends. It will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. The directors and officers of the Company will only devote a small portion of their time to the business and affairs of the Company. Some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its management team. The loss of any member of the management team could have a material adverse effect upon the business and prospects of the Company. In such event, the Company will seek satisfactory replacements but there can be no guarantee that appropriate personnel may be found.

The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions. There can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Further, even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to complete the transaction. The Qualifying Transaction may be financed in whole, or in part, by the issuance of additional securities by the Company. This may result in further dilution to investors, which dilution may be significant and which may also result in a change of control of the Company. Subject to prior Exchange approval, the Company may be permitted to loan or advance up to an aggregate of \$250,000 of its proceeds as a refundable deposit to a target business under certain conditions noted in the CPC Policy. There can be no assurance that the Company will be able to recover that loan.

Completion of any Qualifying Transaction is subject to a number of conditions, including acceptance by the Exchange and in the case of a non arm's length Qualifying Transaction, majority of minority approval.

Pursuant to the public announcement of the proposed Qualifying Transaction, trading in common shares of the Company will be halted for an indefinite period of time, until certain reviews are conducted, and obligations satisfied. The common shares will be reinstated to trading upon review and acceptance of the Exchange. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed Qualifying Transaction. Trading of the common shares may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

### **13. ADDITIONAL INFORMATION**

Additional information regarding the Company's financial statements and corporate documents is available by request to our registered head office located at Suite 600 – 890 West Pender Street, Vancouver British Columbia Canada V6C 1J9, or under the Company's profile on SEDAR+.

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## **HAVILAND ENVIRO CORP.**

### **A Capital Pool Corporation**

#### Shareholder Information

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##### **Board of Directors and Officers**

David Johnston  
(Chief Executive Officer and Director)

Monique Charbonneau  
(Chief Financial Officer, Corporate Secretary and Director)

Chris Irwin (Director)

David Snowden (Director)

##### **Auditors**

McGovern Hurley LLP  
251 Consumers Road, Suite 800  
Toronto, Ontario Canada  
M2J 4R3

##### **Shareholder inquiries**

c/o Irwin Lowy LLP  
217 Queen Street West, Suite 401  
Toronto, Ontario Canada  
M5V 0R2

##### **Transfer agent**

Odyssey Trust Company  
Trader's Bank Building  
702 – 67 Yonge Street  
Toronto, Ontario Canada  
M5E 1J8  
Tel: (587) 885-0960  
Toll-Free: (888) 290-1175  
email: Sales@OdysseyTrust.com

##### **Common shares**

The common shares of the Company  
are listed on the TSX Venture Exchange  
under the symbol HEC.P.