
COMPASS VENTURE INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
JULY 31, 2024
(Expressed in Canadian Dollars)

COMPASS VENTURE INC.
Management Discussion and Analysis
For The Year Ended July 31, 2024
(Expressed in Canadian Dollars)

This Management Discussion and Analysis (“MD&A”) of financial position and results of operations of Compass Venture Inc. (the “Company”) are as at November 1, 2024 and should be read in conjunction with the Company’s audited financial statements for the year ended July 31, 2024 and related notes (the “Audited Financial Statements”). The Audited Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website www.sedar.com.

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS AND OVERALL PERFORMANCE

Compass Venture Inc. (“the Company”) was incorporated on January 2, 2020 under the Business Corporations Act (British Columbia). On January 21, 2021, the Company completed its Initial Public Offering (the “Offering”) to be classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4 (the “CPC Policy”). The Company began trading its shares on the TSX-V under the trading symbol “CVI-P”. The principal business of the Company is the identification and evaluation of assets or a business and, once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities (the “Qualifying Transaction” or “QT”).

The head office of the Company is located at 1 North Bridge Road, #02-07 High Street Centre, Singapore, 179094, and the registered and records office is located at Suite 1400, 1125 Howe Street, Vancouver BC V6Z 2K8.

The Company does not currently have operations or assets capable of generating ongoing revenues or cash flows and there is no certainty that it will complete a Qualifying Transaction (as such term is defined in the CPC Policy).

Initial Public Offering and Private Placement

On January 21, 2021, the Company successfully completed its initial public offering (“IPO”) to raise the maximum gross proceeds of \$350,000 pursuant to the final prospectus (“Prospectus”) dated October 26, 2020. A total of 3,500,000 common shares of the Company were subscribed for at a price of \$0.10 per Share. The Company’s agent for the IPO received a cash commission of \$35,000, a corporate finance fee of \$17,000, and was reimbursed for its expenses of \$960 incurred pursuant to the IPO. The Company also granted 350,000 warrants to its agent with an exercise price of \$0.10 per share exercisable for a period of 24 months. 153,325 of these warrants were exercised for gross proceeds of \$15,333 in December 2022, while the remaining 196,675 expired on January 21, 2023.

Concurrent with the IPO, the Company also completed a non-brokered private placement of 2,000,000 common shares at \$0.10 per share to raise gross proceeds of \$200,000 contemplated in the Prospectus. The Company paid \$10,000 in finder’s fee.

Qualifying Transaction

With the completion of the IPO, the Company has been classified as a Capital Pool Company. The Company has not commenced commercial operations and has no assets other than cash. Except as specifically contemplated in the CPC Policy, until the completion of the Qualifying Transaction (as defined below), the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

Under the CPC Policy, a “Qualifying Transaction” is defined as a transaction where a Capital Pool Company acquires Significant Assets (as hereinafter defined), other than cash, by way of purchase, amalgamation, merger or arrangement

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with another company or by other means. “Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the Capital Pool Company, together with any other concurrent transactions, would result in the Capital Pool Company meeting the minimum listing requirements of the Exchange.

The Company has only limited funds with which to identify and evaluate possible Qualifying Transactions and there can be no assurance that the Company will be able to identify or complete a suitable Qualifying Transaction. The Company proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and, in the case of a Non Arm's Length Qualifying Transaction (as such term is defined in the CPC Policy), will also be subject to Majority of the Minority Approval (as such term is defined in the CPC Policy) in accordance with the CPC Policy.

With the consent of the Exchange, the Company may raise additional funds in order to finance an acquisition. Subject to certain exceptions set out in the CPC Policy, funds raised pursuant to the IPO and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

The Company has not conducted commercial operations other than to enter into discussions for the purpose of identifying potential acquisitions and investments. Although the Company has commenced the process of identifying potential acquisitions with a view to completing a Qualifying Transaction, as of the date hereof, the Company has not yet entered into an Agreement in Principle (as such term is defined in the CPC Policy).

Stock Option Plan and Restricted Share Units Plan

The Company adopted a stock option plan on May 12, 2020, which was amended and restated on January 19, 2022, October 25, 2022 and again on May 13, 2024 (the “Amended Plan”). The Amended Plan was approved and adopted by the shareholders at the most recent Annual General Meeting held on June 26, 2024. At the same time, the Company also adopted a Restricted Share Units Plan (the “RSU Plan”).

The Amended Plan is a “10% rolling” stock option plan. The total number of options issued and outstanding at any time under the amended Plan (together with those up to 5% of the issued and outstanding common shares of the Company issuable pursuant to the RSU Plan) cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Amended Plan have a maximum of ten-year term and are non-transferable. Unless otherwise determined by the Board of Directors, options vest immediately upon granting.

Any RSUs granted by the Company in accordance with the RSU Plan and any common shares which may be reserved, set aside and available for issuance regarding such RSUs shall not exceed 5% of the issued and outstanding common shares of the Company [being 530,166 common shares, calculated based on the number of issued and outstanding common share of the Company on the record date of the 2024 annual general meeting being May 13, 2024].

On January 21, 2021, the Company granted incentive stock options to its directors and officers to purchase up to 1,045,000 common shares, which are exercisable at a price of \$0.10 per share for a period of ten years from the date of grant. 156,750 of these options were cancelled upon resignation of a director during the year ended July 31, 2022.

The Company has not granted any RSUs.

PROPOSED TRANSACTION

The Company entered into a master exchange agreement (“the Agreement”) on October 15, 2024 to acquire all of the issued and outstanding shares of CanniOasis Pte. Ltd. (“CanniOasis”), a Singapore-based biopharmaceutical company focused on utilizing cannabinoid medicine to develop effective personalized and targeted treatment regimens for neurological diseases in exchange for the issuance of common shares of Compass to the shareholders of CanniOasis (the “Transaction”). The Agreement replaced the Letter of Intent originally entered into on September 23, 2023, replaced on June 4, 2024 and amended on July 11, 2024.

Upon completion of the Transaction, CanniOasis will become a wholly-owned subsidiary of Compass, the business of CanniOasis will become the business of Compass, the CanniOasis Shareholders will have a controlling interest in Compass and CanniOasis will appoint new directors and officers to manage the resulting entity (the “Resulting Issuer”) and its business.

Pursuant to the Transaction, the Company will acquire 100% of the issued and outstanding CanniOasis Shares in exchange for common shares of the Resulting Issuer (the “Resulting Issuer Shares”). CanniOasis Shareholders will receive 1 (one) Resulting Issuer Share for every 1.44 CanniOasis Share held (the “Share Exchange Ratio”). Upon completion of the Transaction, existing holders of common shares of Compass and CanniOasis Shareholders would own approximately 7.4% and 70.5% of the Resulting Issuer, respectively, on a fully-diluted basis, and the name of the Resulting Issuer will be changed to such name as CanniOasis may determine and as acceptable to the Exchange.

The Transaction constitutes the Company’s “Qualifying Transaction” (as defined by Policy 2.4 Capital Pool Companies (“Policy 2.4”) of the TSX Venture Exchange (the “Exchange”)) and is not a Non-Arm’s Length Qualifying Transaction (within the meaning of the Exchange’s policies). The Transaction is subject to the approval of the Exchange and of the minority shareholders of the Company, among other conditions of closing. Other than in connection with the Concurrent Financing (as defined below), no commissions or finder’s fees are being paid in relation to the Transaction.

The Transaction is subject to completion by CanniOasis of a brokered private placement equity financing of subscription receipts of CanniOasis (the “Subscription Receipts”) at a price of \$0.16 per Subscription Receipt, for aggregate gross proceeds of a minimum of \$5,000,000 or such other amount as required in order to meet the requirements under the Exchange’s policies (the “Concurrent Financing”).

The completion of the Transaction will be subject to customary closing conditions including, among others, the completion of the Concurrent Financing, receipt of all required approvals and consents for the Transaction and all related matters, including approval of the disinterested holders of common shares of Compass, and the approval of the Exchange and completion of the Concurrent Financing, and other standard closing conditions

Each of Compass and CanniOasis will generally bear their own respective costs and expenses associated with the Transaction and related transactions, except that CanniOasis has paid to Compass: (i) \$50,000 on August 18, 2023 as a refundable deposit to be used by Compass towards payment of legal costs and other professional fees associated with the Transaction; and (ii) an additional \$50,000 on September 27, 2023 as a non-refundable deposit to be used by Compass towards payment of expenses in connection with the Transaction.

At July 31, 2024, the first \$50,000 deposit has been fully applied towards payment of legal costs and other professional fees associated with the Transaction.

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RESULTS OF OPERATIONS

Year ended July 31, 2024

The Company incurred a net loss of \$113,106 for the year ended July 31, 2024, as compared to a net loss of \$121,280 for the year ended July 31, 2023.

Net loss for the current year primarily related to consulting fees of \$24,389 (2023: \$28,888), filing fees of \$10,350 (2023: \$8,201), professional fees of \$68,787 (2023: \$76,163), and transfer agent fees of \$8,312 (2023: \$6,644). Professional fees consist of audit fees and legal fees. As discussed above, during the current year, the Company entered into a LOI for purpose of completing a QT on September 26, 2023. This was subsequently replaced with a new LOI signed on June 4, 2024 and a Master Exchange Agreement on October 15, 2024. The Company also held its AGM on June 26, 2024, when it adopted an amended and restated stock option plan and a restricted share units plan, as discussed earlier in this document. As a result, much of the legal costs and consulting fees incurred in the current year were related to these activities. [Also note that consulting fees and professional fees disclosed here are after netting off the \$50,000 deposit from CanniOasis as discussed above.]

Three months ended July 31, 2024

The Company incurred a net loss of \$33,131 for the three months ended July 31, 2024, as compared to a net loss of \$40,965 for the three months ended July 31, 2023 (the “comparative quarter”). At July 31, 2024, the Company had accumulated losses of \$579,331 (July 31, 2023: \$473,900).

Net loss for the current quarter primarily related to consulting fees of \$5,003 (comparative quarter: \$9,326), filing fees of \$1,393 (comparative quarter: \$1,400); professional fees of \$21,558 (comparative quarter: \$29,044), and transfer agent fees of \$5,065 (comparative quarter: \$825). Transfer agent fees were much higher during the current quarter as a result of higher costs associated with the AGM related services. Consulting fees and professional fees were lower as a result of utilizing the \$50,000 deposit from CanniOasis as discussed in the previous section.

SELECTED QUARTERLY RESULTS

Historical quarterly financial information derived from the Company’s most recently completed quarters since inception is as follows:

Three Months Ended	Net Loss (\$)	Basic and Diluted Loss Per Share (\$)
July 31, 2024	(33,131)	(0.003)
April 30, 2024	(11,500)	(0.001)
January 31, 2024	(12,691)	(0.001)
October 31, 2023	(55,784)	(0.005)
July 31, 2023	(40,965)	(0.004)
April 30, 2023	(12,627)	(0.001)
January 31, 2023	(32,270)	(0.003)
October 31, 2022	(35,418)	(0.003)
July 31, 2022	(7,123)	(0.001)
April 30, 2022	(9,669)	(0.001)

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LIQUIDITY AND CAPITAL RESOURCES

As at July 31, 2024, the Company had cash of \$280,451 (July 31, 2023: \$343,279) and working capital of \$220,668 (July 31, 2023: \$333,774). The Company does not currently conduct any business operations other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. Proceeds from its IPO, the Private Placement and existing working capital will be utilized to enable the Company to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction. However, in the event the Company identifies and targets a business, assets or property as its Qualifying Transaction, it is probable that it will have to seek additional financing.

To date, the Company has relied entirely upon the sale of common shares to provide working capital to fund its administration and overhead costs. Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

The following financings have been completed by the Company:

Date	Gross Proceeds	Type of Transaction
May 22, 2020	\$247,500	Private Placement
January 21, 2021	\$350,000	IPO
January 21, 2021	\$200,000	Private Placement

Also as discussed above, 153,325 agent's warrants were exercised during the year ended July 31, 2023 for gross proceeds of \$15,333.

As of the date of this MD&A, The Company does not have any commitments for capital expenditures.

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction as defined in TSX-V Policy 2.4. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms and approved by the TSX-V.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month in aggregate may be used for reasonable general and administrative expenses of the Company. These restrictions apply until completion of a QT by the Company as defined under the policies of the Policy.

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer (“CEO”) and chief financial officer (“CFO”) of the Company.

There was no compensation expense incurred for key management personnel during the years ended July 31, 2024 and 2023.

At July 31, 2024, there were no balances owing to or from related parties (July 31, 2023: \$Nil).

REMUNERATION

No salary, consulting, management fees or similar remuneration of any kind have, or may, be paid directly or indirectly to a related party of the Company or a related party of a QT.

CONTINGENCY AND CONTRACTUAL OBLIGATIONS

As of the date of this MD&A, the Company does not have any contingencies or contractual obligations, other than what has been disclosed in this document.

RISKS AND UNCERTAINTIES

Investing in the Common Shares involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the Common Shares could decline and prospective investors may lose part or all of their investment.

No Operating History

The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the completion of a QT, if at all. Until the completion of a QT, the Company is not permitted to carry on any other business other than the identification and evaluation of significant assets in pursuit of a QT.

There can be no assurances that the Company will identify any assets or businesses in pursuit of a QT, or have the financial resources necessary to complete a QT. Nor can there be an assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

Halt of Trading

Upon public announcement of a potential Qualifying Transaction, trading in the Common Shares will be halted and will remain halted until completion of the Qualifying Transaction, or sooner pursuant to the CPC Policy. Neither the Exchange nor any securities regulatory authority passes upon the merits of the potential Qualifying Transaction.

Exchange May Not Approve a Qualifying Transaction

Completion of a 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 the Minority Approval (as such terms are defined in the CPC Policy).

Notwithstanding that a transaction may meet the definition of a Qualifying Transaction; the Exchange may not approve a Qualifying Transaction: (a) if the Company fails to meet the initial listing requirements prescribed by Exchange Policy 2.1 – *Initial Listing Requirements* of the Exchange upon completion of the Qualifying Transaction; (b) if, following completion of the Qualifying Transaction, the Company will be a finance company or a mutual fund as defined under applicable securities laws; (c) the consideration proposed to be paid by the Company in connection with the Qualifying Transaction is not acceptable to the Exchange; or (d) for any other reason at the sole discretion of the Exchange.

Approval by the Majority of the Minority

Where Majority of the Minority Approval is required, unless the shareholder has the right to dissent and be paid fair value in accordance with the applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval (as such terms are defined in the CPC Policy) by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the Common Shares.

Dilution

If the Company issues treasury shares to finance an acquisition or participation opportunities, control of the Company may change and subscribers may suffer dilution of their investment.

Directors and Officers

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time.

Reliance on Management

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 directors and officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Foreign Acquisition

In the event the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

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Loans or Advances

Subject to prior acceptance from the Exchange, the Company may be permitted to loan or advance up to an aggregate of \$250,000 (\$25,000 without prior Exchange approval) of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover the loan or advance.

As a result of these factors, this Company is only suitable to investors who are willing to rely solely on management of the Company and who can afford to lose their entire investment. Those investors who are not prepared to do so should not invest in the common shares.

FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data. The fair value of the Company's accounts payable and accrued liabilities approximates its carrying value. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

a. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash account. Cash accounts are held with major banks in Canada. The Company has deposited its cash with a bank from which management believes the risk of loss is low.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. As at July 31, 2024, the Company had cash of \$280,451 to settle current liabilities of \$62,964 which fall due for payment within 12 months.

c. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.

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d. 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. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- The valuation of share-based compensation, where the Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation and other equity-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.
- The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carryforwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company did not identify any standards that may have any impact on the Company's condensed interim financial statements during the period.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company's financial statements.

OTHER MD&A REQUIREMENTS

Outstanding Share Data

As of the date of this MD&A, the Company has 10,603,325 issued and outstanding common shares, of which 4,950,000 shares are held in escrow pursuant to an escrow agreement dated May 22, 2020. These shares are to be released in accordance with TSX Venture Exchange Policy 2.4 over a period of up to eighteen months from the date of the Final Exchange Bulletin following the completion of a Qualifying Transaction.

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Description of the Outstanding Stocks Options

Date of Grant	Number	Exercise Price	Expiry Date
January 21, 2021	888,250	\$0.10	January 21, 2031

Additional information relating to the Company is available on SEDAR at www.sedar.com.

The Board of Directors of the Company has approved the disclosure contained in this MD&A on November 1, 2024.