



PONTUS PROTEIN CORP. (FORMERLY AMWOLF CAPITAL CORP)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX-MONTH PERIOD ENDED

MAY 31, 2022

(Expressed in Canadian Dollars)

(Unaudited)

**Pontus Protein Corp. (formerly AmWolf Capital Corp).
Management Discussion and Analysis
For the Six-Month Period Ended May 31, 2022
(Expressed in Canadian dollars)**

Introduction

The Management Discussion and Analysis (“**MD&A**”), prepared on August 2, 2022 should be read in conjunction with the unaudited interim condensed and consolidated financial statements, and the notes thereto of Pontus Protein Corp. (formerly AmWolf Capital Corp.) (“**Pontus**” or the “**Company**”) which were prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

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.

Date

This MD&A is dated and was approved by the board of directors of the Company (the “**Board**”) on August 2, 2022.

Forward Looking Statements

This MD&A of the Company contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause actual results to differ materially from those anticipated, expressed or implied in such forward-looking statements.

Factors that could affect these statements include, without limitation, availability of financing and personnel, fluctuations in material prices, general business and economic conditions, social and political stability, changes in competition. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

Investors are cautioned not to place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Corporate Overview

Parent Company, Pontus Protein Corp. (formerly AmWolf Capital Corp.) was incorporated under the *Business Corporations Act* (British Columbia) on April 23, 2018. The Company’s head office and principal address is 960 Furber Road, Victoria, BC, V9B 2T5 and its registered and records office is located at 203 – 815 Hornby Street, Vancouver, BC, V6Z 2E6.

42 Protein Corp. – a wholly owned subsidiary of *Pontus Protein Ltd.* was formed on January 26, 2021 by amalgamation under *Canada Business Corporation Act* between Pontus Water Lentils Ltd. (a federally incorporated Company) and 1253044 B.C Ltd. (provincially incorporated Company – to facilitate amalgamation). The Company’s head office and principal address is 960 Furber Road, Victoria, BC, V9B 2T5 and its registered and records office is located at 203 – 815 Hornby Street, Vancouver, BC, V6Z 2E6.

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

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Key Corporate Highlights of the Year Ended November 31, 2022

- The Company issued 1,500,000 stock options to a consultant of the company to purchase up to 1,500,000 common shares of the Company.
- The Company announced a change of auditor to Harbourside CPA.
- The Company announced a Non-Brokered Unit Private Placement consisting of up to \$5,000,000 and 31,250,000 units at a subscription price of .16 with a .30 warrant. This private placement closed in two tranches.

The first tranche closing on September 24th, 2021 consisting of 6,028,750 units for \$964,600
The second tranche closing on November 4th, 2021 consisting of 3,068,750 units for \$491,000
- The Company began trading on the OTC Markets in the US.
- The Company filed an international patent application for an automated vertical farm harvesting robot.
- The Company announced a building progress update on its Surrey facility, reporting that both internal walls and flooring were 95% complete.
- Appointed a new Chief Financial Officer (CFO).
- The Company announced a non-binding letter of intent with a leading beverage developer Blue Ocean Tea Company. Under the terms of this agreement, Blue Ocean Tea Company is expected to incorporate Pontus product into their existing supply chain.
- The Company announced a letter of intent with Canadian T&J International Development Inc (T&J). Under the terms of this agreement, T&J is expected to provide distribution of Pontus product to its supply chain made up of 80% of all Western Canada's Asian supermarkets.
- The Company announced a letter of intent with CCSC Solutions Inc. (CCSC). Under the terms of this agreement, CCSC is expected to provide manufacturing and distribution expertise to incorporate Pontus specifically for the nutraceutical market.
- The Company received Its' building permit to build its first commercial facility ("The Facility") located at 17686 66A Avenue, Surrey, BC, V3W 9P4. Construction began on June 17, 2021 and is expected to finish by fall of 2021.
- The Company completed a Qualifying Transaction described further below.

Key Corporate Highlights during the Six-Month Period Ended May 31, 2022

- Current CEO stepped down and a new interim CEO was announced.
- The company entered into a consulting agreement to allow it to generate its first revenues by consulting on aquaponics technology.

Overview of Business

Pontus Protein LTD. is a Vancouver, B.C. based technology company that grows water lentil protein for commercial use. Pontus is reinventing agriculture with their proprietary Closed Environment Vertical Aquaponic System (CEVAS) – the Farming of the future.

Pontus specializes in the indoor vertical farming of water lentils that use 95% less water than traditional agriculture

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and no pesticides or chemicals. Aiming to truly focus our sights on the sustainability of our growing methods. Pontus moves towards finding the best ways to to grow all types of food. With sustainability in mind and the health of our customers growing food in a bio secure way.

Pontus Protein LTD. received its building permit from the City of Surrey on May 17, 2021 to build its first commercial facility (“The Facility”). Once construction is complete, the 20,570 square foot facility is capable of producing between 6.4 to 11.0 metric tonnes of Pontus Protein powder annually. Full production is planned to begin by late fall of 2021.

Prior to the completion of the facility, management is in conversations with all of the distribution partners that have come on board to secure purchase orders for the entire off take of the facility. With this market acceptance it will position the company extremely well to secure larger purchase orders from multiple stores to give the company the ability to move into the next larger commercial facility using the CEVAS technology.

Qualifying Transaction

On January 26, 2021, the Company completed (the “**Closing**”) a Qualifying Transaction (“**QT**”), described more fully below. The Qualifying Transaction was accepted by the Exchange and is not a Non-Arm's Length Qualifying Transaction subject to Majority of the Minority Approval in accordance with the CPC Policy.

On July 28, 2020, the Company, 1253044 B.C Ltd. (“**NewCo**”) and Pontus Water Lentils Ltd. (“**Pontus**”), entered into an amalgamation agreement pursuant to which the Company acquired all the issued and outstanding common shares of Pontus (the “**Transaction**”).

The Transaction was completed by way of a three-cornered amalgamation, whereby NewCo and Pontus amalgamated to form a new amalgamated entity (“**AmalCo**”), and Amalco is now a wholly owned subsidiary of the Company. On the Closing, each of the Pontus shares were cancelled and, in consideration for such Pontus shares, each Pontus shareholder received one common share of the Company for each Pontus share. Following completion of the Transaction, existing Pontus shareholders own approximately 63.76% of the resulting company.

In connection with the Transaction, the Company completed a non-brokered private placement of 21,632,665 units at a price of \$0.15 per unit raising gross proceeds of \$3,244,890. Each unit will consist of one common share of the Company and one share purchase warrant of the Company. Each warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.30 per share for a period of two years from the date of closing, subject to the acceleration provision.

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Selected Annual Information

The following table sets forth selected consolidation information of the Company at November 30 for each of the three most recently completed financial years prepared in accordance with IFRS. The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Company.

| | November 30, 2021 (audited) | November 30, 2020 (audited) | November 30, 2019 (audited) |
|--|--|--|--|
| | \$ | \$ | \$ |
| Revenue | Nil | Nil | Nil |
| Net income (loss) | (8,746,758) | (692,899) | (146,672) |
| Net income (loss) per share, basic and diluted | (0.15) | (0.02) | (0.04) |
| Total assets | 5,757,198 | 2,997,419 | 126,639 |
| Total non-current liabilities | 4,100,289 | 2,651,710 | 50,113 |
| Working capital (deficit) | (1,920,989) | (590,600) | 76,526 |

Selected Quarterly Information

| Quarter ended | May 31, 2022 | February 28, 2022 | November 30, 2021 | August 31, 2021 |
|---------------------------------------|---------------------|--------------------------|--------------------------|------------------------|
| Revenue | Nil | Nil | Nil | Nil |
| Net loss | (409,579) | (253,671) | (5,443,488) | (504,271) |
| Net loss per share, basic and diluted | (0.00) | (0.00) | (0.09) | (0.01) |

| Quarter ended | May 31, 2021 | February 28, 2021 | November 30, 2021 | August 31, 2021 |
|---------------------------------------|---------------------|--------------------------|--------------------------|------------------------|
| Revenue | Nil | Nil | Nil | Nil |
| Net loss | (788,449) | (2,010,550) | (204,720) | (150,652) |
| Net loss per share, basic and diluted | (0.01) | (0.01) | (0.01) | (0.01) |

The above noted financial data should be read in conjunction with the interim consolidated financial statements for the period ended May 31, 2022.

Net loss has continued over the last 8 quarters as the company continues to develop the facility. Variations within the quarters largely stem from the timing of private placements and other general and administrative expenses.

Results of Operations

Three months ended May 31, 2022

Net loss

The net loss for the three months ended May 31, 2022 of \$409,579 (\$0.01 per share) compares to net loss of \$788,449 (0.01 per share) for the three months ended May 31, 2021, representing a decrease in net loss of \$378,870. The decrease in net loss was mainly attributable to the decrease in expenses during the current period.

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Expenses

Advertising and promotion expenses of the Company decreased to \$79,239 for the quarter period ended May 31, 2022 as compared to \$160,495 for the quarter period ended May 31, 2021. The decrease is mainly attributable to decreased marketing efforts as compared to the prior periods.

Management fees of the Company decreased to \$Nil for the quarter period ended May 31, 2022 as compared to \$59,300 for the quarter period ended May 31, 2021. No management fees were accrued during the current period.

Office and related expenses of the Company decreased to \$4,003 for the quarter period ended May 31, 2022 as compared to \$7,385 for the quarter period ended May 31, 2021. The change is mainly attributed to decreased corporate activity during the current period.

Professional and related fees of the Company decreased to \$98,136 for the quarter period ended May 31, 2022 as compared to \$391,451 for the quarter period ended May 31, 2021. The change is mainly attributed to decreased corporate activity during the current period.

Subcontract and related expenses of the Company decreased to \$Nil for the quarter period ended May 31, 2022 as compared to \$4,640 for the quarter period ended May 31, 2021. The change is mainly attributed to decreased corporate activity during the current period.

Six months ended May 31, 2022

Net loss

The net loss for the six months ended May 31, 2022 of \$663,250 (\$0.01 per share) compares to net loss of \$2,798,999 (0.01 per share) for the six months ended May 31, 2021, representing a decrease in net loss of \$2,135,749. The decrease in net loss was mainly attributable to the decrease in expenses during the current period.

Expenses

Advertising and promotion expenses of the Company decreased to \$82,189 for the six months ended May 31, 2022 as compared to \$596,049 for the six months ended May 31, 2021. The decrease is mainly attributable to decreased marketing efforts as compared to the prior period.

Management fees of the Company changed to \$53,775 for the six months ended May 31, 2022 as compared to \$59,300 for the six months ended May 31, 2021. The change is mainly attributed to decreased corporate activity during the current period.

Professional and related fees of the Company decreased to \$143,459 for the six months ended May 31, 2022 as compared to \$776,169 for the six months ended May 31, 2021. The change is mainly attributed to decreased corporate activity during the current period.

Subcontract and related expenses of the Company decreased to \$Nil for the six months ended May 31, 2022 as compared to \$6,076 for the six months ended May 31, 2021. The change is mainly attributed to decreased corporate activity during the current period.

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Liquidity and Capital Resources

As of May 31, 2022, the Company had working capital deficiency of \$1,932,262 as compared to \$1,920,989 at November 30, 2021. The Company funded operations during the six months ended May 31, 2022 using existing cash and funds raised from loans and private placements.

The Company’s objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through debt and equity financing.

There were no changes to the Company’s approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

Off Balance Sheet Arrangements

There are currently no off-balance sheet arrangements which could have an effect on current or future results or operations, or the financial condition of the Company.

Transactions with Related Parties

Related parties include management, the Board of Directors, close family members and enterprises which are controlled by these individuals.

The following is a summary of the related party transactions that occurred throughout the three and six months ended May 31, 2022 and 2021:

- a) During the three months ended May 31, 2022, the Company incurred management fees of \$53,775 (2021 - \$68,670) to current directors.

During the six months ended May 31, 2022, the Company incurred management fees of \$53,775 (2021 - \$97,170) to current directors.

- b) During the three months ended May 31, 2022, the Company incurred professional fees of \$15,300 (2021 - \$15,300) to current directors.

During the six months ended May 31, 2022, the Company incurred professional fees of \$15,300 (2021 - \$22,800) to current directors.

- c) As at May 31, 2022, the balance due to related parties represents amounts payable to directors and officers of the Company for accrued management and professional fees of and amounts advanced to the Company of \$233,241, (November 30, 2021 - \$174,276). This amount is unsecured, non-interest bearing, and with no fixed terms of repayment.

A summary of period transactions with the key management personnel (responsible for directly or indirectly planning, directing, and controlling the operations and finances of company, including executive and non-executive directors) is as follows:

| Three months ended | May 31, 2022 | May 31, 2021 |
|---------------------------|-------------------------|-------------------------|
| | \$ | \$ |
| Management fees | 53,775 | 68,670 |
| Professional fees | 15,300 | 15,300 |
| | 69,075 | 83,970 |

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| Six months ended | May 31, 2022 \$ | May 31, 2021 \$ |
|-------------------|-----------------------|-----------------------|
| Management fees | 53,775 | 97,170 |
| Professional fees | 15,300 | 22,800 |
| | 69,075 | 119,970 |

Subsequent Events

Please refer to Note 16 of the unaudited financial statements for the six-month period ended May 31, 2022.

Critical Accounting Estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting quarter period, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) the carrying value and recoverability of intangible assets, and
- b) the measurement and recoverability of deferred income tax assets.

Critical Accounting Judgements

- a) the classification of financial assets and financial liabilities, which involves judgments or assessments made by management,
- b) the determination of whether it is likely that future economic benefits associated with the patent expenditures capitalized will flow to the Company, which may be based on assumptions about future events or circumstances, and
- c) 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.

Accounting Standards Adopted

The following accounting standards have been adopted prospectively for the annual period beginning on January 1, 2019:

In January 2016, the IASB issued IFRS 16, Leases ("**IFRS 16**"). IFRS 16 eliminates the current dual model for lessees, which distinguishes between on statement of financial position finance leases and off statement of financial position operating leases. Instead, there is a single, on statement of financial position accounting model that is similar to current finance lease accounting. IFRS 16 is effective for periods beginning on or after January 1, 2019, and so 42 Protein Corp. (Amalco) - the subsidiary Company has reported its lease commitments in accordance with the standard requirements at May 31, 2022.

In October 2017, the IASB issued amendments to IFRS 9 to address the classification of certain pre-payable financial assets. The amendments clarify that a financial asset that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature with negative compensation may be eligible to be measured at either amortized cost or fair value through other comprehensive income. This classification is subject to the assessment of the business model in which the particular financial asset is held as well as consideration of whether certain eligibility conditions are met. The amendments are effective for periods beginning on or after January 1, 2019 and did not have any effect on the Company's financial statements as at May 31, 2022.

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In June 2017, IFRIC 23 was issued to specify how to reflect the effects of uncertainty in accounting for income taxes. The interpretation aims to reduce the diversity in how entities recognize and measure a tax liability or tax asset when there is uncertainty over income tax treatments. The new interpretation is effective for periods beginning on or after January 1, 2019 and did not have any effect on the Company's financial statements as at February 28, 2022.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash (bank overdraft), accounts payable and accrued liabilities and advances from its related parties. Unless otherwise noted, the Company does not expect to be exposed to significant interest, currency or credit risks arising from these financial instruments. The Company estimates that the fair value of these financial instruments approximates their carrying values due to the relatively short-term maturity of these instruments.

Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

Disclosure of Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares, of which 80,620,544 common shares were issued and outstanding as fully paid and non-assessable shares of the Company as at May 31, 2022.

Risks and Uncertainties

The following disclosures are to enable users of the condensed interim financial statements to evaluate the nature and extent of risks arising from financial instruments at the end of the reporting period:

Currency risk

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary liabilities.

Interest rate risk

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short term. The Company has not entered into any derivative instruments to manage interest rate fluctuations.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk on its cash. To minimize the credit risk, the Company places its cash with a major financial institution.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Liquidity risk arises from the Company's financial obligations and in the management of its assets, liabilities and capital structure. The Company manages this risk by regularly evaluating its liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner.

The Company's liquidity requirements are met through a variety of sources, including cash and cash equivalents, private financing through issue of share capital and advances from the related parties.

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As of May 31, 2022, the Company had a cash and cash equivalents balance of \$Nil (November 30, 2021 - \$12,342) to settle current liabilities of \$2,285,118 (November 30, 2021 - \$2,314,263).

Based on management's assessment of its past ability to obtain required funding, the Company believes that it will be able to satisfy its current and long-term obligations as they come due.

Dependence on key personnel

The Company has a small management team and the loss of a key individual or the inability to attract suitably qualified personnel in the future could materially and adversely affect the Company's business.

Operating history

The Company's limited operating history may not provide a meaningful basis for readers to evaluate the Company's business, financial performance and prospects, or its proposed business plan. It may be difficult for readers to also evaluate the Company's senior management team and their effectiveness, on an individual or collective basis, and their ability to address future challenges to the Company's business.

Conflicts of interest

Certain of the directors and officers of the Company are also directors and officers of other companies. In addition, they may devote time to other outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. However, the interests of these persons could conflict with those of the Company. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, in the event that such a conflict of interest arises at a meeting of the Board, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company will be required to act honestly, in good faith and in the best interests of the Company.

Global pandemic

In March 2020, the World Health Organization declared the novel strain of 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. The impact on the Company is not currently determinable but management continues to monitor the situation.

Internal Controls over Financial Reporting

Management is responsible for the design of internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements in accordance with accounting principles generally accepted in Canada. Based on regular reviews of its internal control procedures during and at the end of the quarter period covered by this MD&A, management believes its internal controls and procedures are effective in providing reasonable assurance that financial information is recorded, processed, summarized, and reported in a timely manner.

Changes to Internal Control over Financial Reporting

There have been no significant changes to the Company's internal controls over financial reporting that occurred during the period ended May 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.