TEVANO SYSTEMS HOLDINGS INC.

Management's Discussion & Analysis

For the three and six months ended December 31, 2022 and 2021

This Management's Discussion & Analysis ("MD&A") of Tevano Systems Holdings Inc. ("Tevano", the "Company", or the word "our") supplements but does not form part of the unaudited condensed interim consolidated financial statements and the notes thereto for the three and six months ended December 31, 2022 and 2021 (referred to hereafter as the "financial statements").

The financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). As such, the financial statements do not include all of the information required by IFRS for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the years ended June 30, 2022 and 2021 ("Annual Financial Statements") and the annual Management's Discussion & Analysis for the years ended June 30, 2022 and 2021 ("Annual MD&A"), in addition to any new accounting policies applicable for the period ended December 31, 2022.

The Company's certifying officers are responsible for ensuring that the financial statements and MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's certifying officers certify that the financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, financial performance, and cash flows of the Company as of the date of and for the periods presented in the filings.

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The year to date ended December 31, 2022 and 2021 are referred to as "YTD 2023" and "YTD 2022", respectively. The years ended June 30, 2022 and 2021 are referred to as "fiscal 2022" and "fiscal 2021", respectively. All amounts are presented in Canadian dollars.

The Company's Board of Directors provides an oversight role with respect to all public financial disclosures by the Company.

For a complete understanding of the Company's business environment, risks and uncertainties and the effect of accounting estimates on its results of operations and financial condition, this MD&A should be read together with the Company's financial statements.

Information in this MD&A is prepared as of February 27, 2023.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this document constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "intend", or similar words suggesting future outcomes or an outlook. Forward-looking information in this document includes, but is not limited to:

- our business plan and investment strategy; and
- general business strategies and objectives.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this document which includes, but is not limited to:

- taxes and capital, operating, general & administrative and other costs;
- general business, economic and market conditions;
- the ability of the Company to obtain the required capital to finance its investment strategy and meet its commitments and financial obligations;
- the ability of the Company to obtain services and personnel in a timely manner and at an acceptable cost to carry out activities; and
- the timely receipt of required regulatory approvals.

Although the Company believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as there can be no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of risks and uncertainties which could cause actual results to differ materially than anticipated and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- meeting current and future commitments and obligations;
- general business, economic and market conditions;
- the uncertainty of estimates and projections relating to future costs and expenses;
- changes in, or in the interpretation of, laws, regulations, or policies;
- the ability to obtain required regulatory approvals in a timely manner;
- the outcome of existing and potential lawsuits, regulatory actions, audits and assessments; and
- other risks and uncertainties described elsewhere in this document.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" herein. The forward-looking information contained in this document is made as of the date hereof and, except as required by applicable securities law, the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

DESCRIPTION OF BUSINESS

Tevano Systems Holdings Inc. was incorporated under the laws of British Columbia, Canada on March 23, 2000. The Company's head office and principal address is Suite 1303 - 1030 West Georgia Street, Vancouver, BC V6E 2Y3. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "TEVO" and on the Frankfurt exchange under the symbol "7RB".

Tevano is actively pursuing business ventures in the technology sector with an emphasis on emerging technologies.

Share consolidation

On June 13, 2022, the Company completed a consolidation of its common shares on a three and one-half to one basis. All share and per share amounts have been retrospectively adjusted to reflect the consolidation. Any references to common shares are on a post-consolidation basis. Numbers of warrants and stock options and their respective exercise prices have been retrospectively adjusted to reflect the effects of the consolidation.

HIGHLIGHTS AND OVERALL PERFORMANCE

Termination of Software Development Agreement

On September 16, 2022, the Company and Caza, LLC ("Caza"), a non-related party, mutually agreed to terminate the software development agreement. The software development agreement was initially entered into on December 21, 2021, and amended on June 28, 2022, for back-end design, development, testing, and assistance for cyber security technology.

Per the termination agreement, the Company transferred its right to the in-process research and development project constituting the cyber security software that was initially acquired in the acquisition of Illuria Security Inc on December 17, 2021. In exchange, Caza returned 2,627,993 common shares of Tevano with a fair value of $157,680 and forgave technology development costs payable of $127,262.

Share options highlights

On December 14, 2022, the Company canceled 514,282 share options to officers, directors and consultants of the Company with a weighted average exercise price of $2.96 and expiry dates between March 19, 2021 and March 22, 2026. In connection with the canceled options the Company recorded $48,389 in share-based compensation related to the accelerated vesting of the unvested options.

On November 2, 2022, the Company granted 1,100,000 share options to officers, directors, and consultants of the Company with an exercise price of $0.05, expiry date of November 2, 2027, which vested immediately upon issuance.

Overall performance

As at December 31, 2022, the Company had cash of $4,278 (June 30, 2022 - $6,187), and a working capital deficiency of $1,160,596 (June 30, 2022 - $942,381).

For the three and six months ended December 31, 2022, cash used in operating activities was $11,036 and $47,627, respectively (2021 - cash used of $571,163 and $860,044, respectively), and cash provided by financing activities was $7,550 and $47,550, respectively (2021 -$445,140 and $426,810, respectively).

The Company reported a net loss of $160,425 during Q2 2023 compared to $2,930,013 during the prior year comparative period, and a net loss of $220,522 during YTD 2023 compared to $3,651,006 during the prior year comparable period. These changes over the prior period were primarily driven by cost-cutting measures in insurance, investor relations, marketing, professional fees, and share-based compensation, but offset by increases in exchange fees and rent expenses.

RESULTS OF OPERATIONS

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Revenue	**870**	7,736	**2,175**	9,235
Cost of sales	**(593)**	(20,650)	**(4,177)**	(35,259)
Gross margin	**277**	(12,914)	**(2,002)**	(26,024)
Operating expenses				
Consulting fees	**35,137**	111,507	**206,260**	229,865
Depreciation	**738**	15,262	**1,476**	30,563
Exchange fees	**15,534**	2,182	**24,452**	12,954
Insurance	**1,542**	48,668	**4,722**	102,704
Investor relations	**-**	90,525	**16,931**	216,064
Marketing	**676**	379	**800**	41,158
Office	**6,207**	9,286	**13,325**	36,600
Professional fees	**36,824**	408,195	**73,444**	574,722
Share-based compensation	**64,641**	225,157	**118,705**	560,286
Rent	**20,162**	155	**41,006**	155
Technology development	**-**	1,740,984	**-**	1,741,093
Travel	**44**	31,437	**5,045**	41,459
	181,505	2,683,737	**506,166**	3,587,623
Operating loss	**(181,228)**	(2,696,651)	**(508,168)**	(3,613,647)
Accretion	**3,012**	75,602	**3,408**	145,195
Foreign exchange loss (gain)	**(2,513)**	4,257	**15,113**	5,478
Gain on change in fair value of derivative liabilities	**-**	(32,214)	**-**	(55,377)
Gain on debt modification	**(11,442)**	-	**(11,442)**	-
Gain on debt settlement	**(9,725)**	(9,467)	**(9,725)**	(9,467)
Gain on shares returned to treasury	**-**	-	**-**	(244,351)
Gain on termination of software development agreement	**-**	-	**(284,942)**	-
Interest expense	**1,575**	653	**1,652**	2,387
Impairment of prepaid and deposit	**-**	196,047	**-**	196,047
Other income	**(1,710)**	(1,516)	**(1,710)**	(2,553)
Net loss	**(160,425)**	(2,930,013)	**(220,522)**	(3,651,006)
Foreign currency translation adjustment	**(374)**	1,340	**1,832**	15,683
Comprehensive loss	**(160,051)**	(2,931,353)	**(222,354)**	(3,666,689)

Q2 2023 compared to Q2 2022

The Company generated revenue of $870 compared to $7,736 in the prior year comparable period. Revenue in the current period was comprised of the recognition of the deferred revenue in connection with sales of cloud storage subscriptions during fiscal 2022. Cost of sales was $593 compared to $20,650 in the prior year comparable period, which consisted of the cost of cloud storage fees. During the current period, the Company generated a gross margin of $277 compared to a gross loss of $12,914 in the prior year comparable period.

The Company had operating expenses of $181,505 compared to $2,683,737 in the prior year comparable period. The primary drivers of this decrease in expenses were as follows:

- Consulting fees decreased to $35,137 compared to $111,507 in the prior year comparable period, resulting from the reduction of consultants on hand for working capital management.
- Insurance expense decreased to $1,542 compared to $48,668 in the prior year comparable period as a result of cost-cutting initiatives.
- Investor relations expense decreased to $nil compared to $90,525 in the prior year comparable period as a result of decreasing engagement with advertising firms and consulting services to potential investors as part of the management's cost-cutting initiatives.
- Professional fees decreased to $36,824 compared to $408,195 the prior year comparable period. The decrease is a result of lower accounting and legal fees while the Company's management searches for alternative ventures.
- Share-based compensation expense decreased to $64,641 compared to $225,157 in the prior year comparable period attributable to fewer vesting stock options in the period.
- Accretion expense decreased to $3,012 compared to $75,602 in the prior year comparable period relating to the settlement of the Company's convertible and promissory notes in the prior year.

Change in fair value of derivative liabilities is recognized through profit or loss, which resulted in a gain of $32,214 in Q2 2022. As a result of a debt settlement agreement with INEX, which was executed in Q3 2022, the derivative liabilities associated with the convertible promissory note and convertible note were settled. Therefore, there are no changes in fair value recognized in Q2 2023.

On October 25, 2022, the Company and an officer of the Company agreed to amend and restate the terms of an existing shareholder loan of $30,000. The Company agreed to issue a promissory note with an interest rate of 10% per annum and a maturity date of December 31, 2023. On initial recognition, the Company discounted the face value of the promissory note at a discount rate of 30% and $11,442 was recorded as gain on debt modification.

During Q2 2023, the Company entered into a debt settlement agreement with a related party, in which the Company transferred all of its physical inventory to the related party to settle $9,725 of trade payables. Accordingly, the Company recognized a gain on debt settlement of $9,725 in Q2 2023, compared to $9,467 during Q2 2022.

YTD 2023 compared to YTD 2022

The Company generated revenue of $2,175 compared to $9,235 in the prior year comparable period. Revenue in the current period was comprised of the recognition of the deferred revenue in connection of sales of cloud storage subscriptions during fiscal 2022. Cost of sales was $4,177 compared to the $35,259 in the prior year comparable period, which consisted of the cost of cloud storage fees. During current period, the Company generated a gross loss of $2,002 compared to a gross loss of $26,024 in the prior year comparable period.

The Company had operating expenses of $506,166 compared to $3,587,623 in the prior year comparable period. The primary drivers of this decrease in expenses were as follows:

- Consulting fees decreased to $206,260 compared to $229,865 in the prior year comparable period, resulting from the reduction of consultants on hand for working capital management.
- Insurance expense decreased to $4,722 compared to $102,704 in the prior year comparable period resulting from the management's cost cutting initiatives.
- Investor relations expense decreased to $16,931 compared to $216,064 in the prior year comparable period as a result of decreasing engagement with advertising firms and consulting services to potential investors as part of the management's cost-cutting initiatives.
- Professional fees decreased to $73,444 compared to $574,722 the prior year comparable period. The decrease is a result of lower accounting and legal fees while the Company's management searches for alternative ventures.

- Share-based compensation expense decreased to $118,705 compared to $560,286 in the prior year comparable period attributable to fewer vesting stock options in the period.
- Accretion expense decreased to $3,408 compared to $145,195 in the prior year comparable period relating to the settlement of the Company's convertible and promissory notes in the prior year.

Change in fair value of derivative liabilities are recognized through profit and loss, which resulted in a gain of $32,214 during YTD 2022. As a result of a debt settlement agreement with INEX, which was executed in Q3 2022, the derivative liabilities associated with the convertible promissory note and convertible note were settled. Therefore, there are no changes in fair value recognized in YTD 2023.

On October 25, 2022, the Company and an officer of the Company agreed to amend and restate the terms of an existing shareholder loan of $30,000. The Company agreed to issue a promissory note with an interest rate of 10% per annum and a maturity date of December 31, 2023. On initial recognition, the Company discounted the face value of the promissory note at a discount rate of 30% and $11,442 was recorded as gain on debt modification.

On September 16, 2022, the Company and Caza mutually agreed to terminate the software development agreement. Per the termination agreement, the Company transferred its right to the in-process research and development project constituting the cyber security software that was initially acquired in the Illuria acquisition. In exchange, Caza returned 2,627,993 common shares of Tevano with a fair value of $157,680 and forgave technology development costs payable of $127,262. The resulting gain of $284,942 was recorded as gain on termination of software development agreement.

During YTD 2023, the Company entered into a debt settlement agreement with a related party, in which the Company transferred all of its physical inventory to the related party to settle $9,725 of trades payable. Accordingly, the Company recognized a gain on debt settlement of $9,725 during YTD 2023, compared to $9,467 during YTD 2022.

2023 OUTLOOK AND STRATEGIC OBJECTIVES

The Company is currently evaluating a number of potential strategic opportunities including seeking to identify, evaluate and acquire assets, properties or businesses to bring value to its shareholders.

SUMMARY OF QUARTERLY RESULTS

The following summarizes quarterly financial results of the Company for the last eight most recently completed quarters:

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
	$	$	$	$
Total assets	**37,558**	45,385	74,874	352,822
Working capital surplus (deficiency)	**(1,160,596)**	(1,067,166)	(942,381)	(550,757)
Loss for the period	**160,425**	60,097	585,891	201,009
Loss per share	**0.01**	0.00	0.02	0.00

	Q2 2022	Q1 2021	Q4 2021	Q3 2021
	$	$	$	$
Total assets	566,716	1,068,963	1,614,593	3,559,722
Working capital surplus (deficiency)	(755,938)	(180,612)	368,427	2,714,911
Loss for the period	2,930,013	720,993	3,765,337	3,884,498
Loss per share	0.13	0.03	0.17	0.27

The quarterly trend in total assets and working capital is primarily driven by movements in cash balance related to the Company's financing activities and spending on corporate costs. The quarterly trend in loss for the period and loss per share is primarily driven by the Company's corporate costs and technology development costs.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means, including the issuance of equity and/or debt.

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at December 31, 2022, the Company had a working capital deficiency of $1,160,596 (June 30, 2022 - $942,381), has not yet achieved profitable operations, and has an accumulated deficit of $17,537,900 (June 30, 2022 - $17,317,378).

As at December 31, 2022, the Company had a cash balance of $4,278 (June 30, 2022 - $6,187) to settle current liabilities of $1,195,678 (June 30, 2022 - $1,013,303), which presents significant liquidity risk.

These circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern. The ability of the Company to meet its obligations and continue as a going concern is dependent on the Company's ability to obtain additional financing through debt or equity.

Sources and Uses of Cash

	Q2 2023	**Q2 2022**	**YTD 2023**	YTD 2022
	$	$	**$**	$
Net cash used in operating activities	**(11,036)**	(571,163)	**(47,627)**	(860,044)
Net cash provided by financing activities	**7,550**	445,140	**47,550**	426,810
Effect of exchange rate changes on cash	**374**	(1,340)	**(1,832)**	(15,683)
Net change in cash	**(3,112)**	(127,363)	**(1,909)**	(448,917)
Cash, beginning of period	**7,390**	356,422	**6,187**	677,976
Cash, end of period	**4,278**	229,059	**4,278**	229,059

Q2 2023 vs Q2 2022 comparison

Cash used in operating activities during the current period was primarily driven by the cash payments on accounts payables and corporate operating expenses. In comparison, cash used in operating activities during the prior year comparable period is due to the increased activities in developing the Company's cyber security technology and in consulting, investor relations, and professional fees related to acquisition of Illuria Security Inc.

Cash provided by financing activities during the current period was driven by a loan from a shareholder, while cash provided by financing activities during the prior year comparable period relates to common shares private placements, offset by lease payments.

There were no cash flows pertaining to investing activities in Q2 2023 and Q2 2022.

YTD 2023 vs YTD 2022 comparison

Cash used in operating activities during the current period was primarily driven by the cash payments on accounts payables and corporate operating expenses. In comparison, cash used in operating activities during the prior year comparable period is due to the increased activities in developing the Company's cyber security technology and in consulting, investor relations, and professional fees related to the acquisition of Illuria.

Cash provided by financing activities during the current period was driven by the issuance of a convertible promissory note to a related party, and a loan from a shareholder, while cash provided by financing activities during the prior year comparable period relates to common share private placement, offset by lease payments.

There were no cash flows pertaining to investing activities in YTD 2023 and YTD 2022.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at December 31, 2022 or at the date of this MD&A.

SUBSEQUENT EVENTS

On February 22, 2023, the Company entered into a settlement agreement with a vendor to settle trade payables that were previously recorded in the amount of $200,000 and subsequently negotiated to $30,000 on February 15, 2023. Pursuant to the settlement agreement, the Company issued 285,714 common shares to settle the amount.

On February 17, 2023, the Company announced a non-brokered private placement financing of up to 4,000,000 units at $0.10 per unit. Each unit is comprised of one common share and one warrant. Each warrant is exercisable for one common share at a price of $0.20 per warrant and expires two years from the closing of the financing. In connection with the financing, the Company may pay a finder's fee of up to 10% of the units subscribed.

On February 22, 2023, the Company entered into a consulting agreement with a third party for business and management development services and granted 500,000 stock options as compensation for future services. The options vested immediately, are exercisable into common shares at a price of $0.14 and expire on February 23, 2028.

On February 22, 2023, the Company entered into a consulting agreement with a third party for business development and consulting services and granted 300,000 stock options as compensation for future services. The options vested immediately, are exercisable into common shares at a price of $0.14 and expire on February 23, 2028.

On February 23, 2023, the Company granted 600,000 stock options to two officers of the Company. The options vested immediately, are exercisable into common shares at a price of $0.14 and expire on February 23, 2028.

On February 24, 2023, the Company retained an arm's length party to provide for investor relations and capital markets advisory services. In consideration for the services, the Company has agreed to pay $100,000 for the first two months of services and a monthly payment of $20,000 per month thereafter. The agreement may be cancelled by the Company anytime after the first two months of services.

PROPOSED TRANSACTIONS

On February 22, 2023, the Company entered into a non-binding letter of intent for the acquisition of Aqua-Eo Ltd (the "Proposed Transaction"), a green lithium technology company. Subject to regulatory approval, the Company has agreed to issue 18,995,000 common shares to the existing shareholders of Aqua-Eo Ltd as consideration for the Proposed Transaction, with a finder's fee of up to 10% of the Proposed Transaction's value.

Aqua-Eo Ltd is an environmentally focused industrial technology and engineering company, developing commercial extraction solutions for lithium and other strategic metals, industrial wastewater remediation and oil and gas effluent treatment.

INVESTOR RELATIONS

As at December 31, 2022, the Company is not engaged with investor relations firms for investor relations services.

At the date of this MD&A, the Company retained Lakefront Enterprises Inc.("Lakefront") for investor relations and capital markets advisory. In consideration for the services, Lakefront will be paid $100,000 for the initial two months and a monthly payment of $20,000 during the agreement.

RELATED PARTY TRANSACTIONS

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

A summary of the Company's transactions with key management personnel is as follows:

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	**2022**	2021
	$	$	**$**	$
Consulting fees	**60,469**	111,507	**221,593**	229,865
Share-based compensation	**60,541**	192,227	**102,582**	479,318
Technology development	**-**	252,446	**-**	252,446
	121,010	556,180	**324,175**	961,629

During the period ended December 31, 2022 and 2021, consulting fees and share-based compensation was incurred from officers and directors of the Company.

During the period ended December 31, 2021, technology development costs was incurred by Caza, LLC.

A summary of the Company's amounts owed to related parties is as follows:

	December 31, 2022	June 30, 2022
	$	$
Accounts payable and accrued liabilities	**452,754**	213,533
Promissory note	**20,895**	-
Shareholder loan	**7,550**	30,000
Convertible promissory note	**28,176**	-
	509,375	243,533

Accounts payable and accrued liabilities and shareholder loan due to related parties relate to ongoing corporate overhead costs and are non-interest bearing, due on demand.

During the period ended December 31, 2022, the Company issued a convertible promissory note and a promissory note to officers of the Company.

As at December 31, 2022, receivables included $5,500 advanced to a related party (June 30, 2022 - $5,500). The advance is non-interest bearing and there are no specified terms of repayment.

FINANCIAL AND CAPITAL RISK MANAGEMENT

a) Fair value of financial assets and liabilities

The carrying values of cash, receivables, accounts payable and accrued liabilities, and shareholder loan approximate fair value due to the short-term nature of these instruments.

b) Risk management

The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and market risk

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The risk for cash is mitigated by holding these instruments with highly rated Canadian financial institutions. As at December 31, 2022, the Company expects to recover the full amount of cash.

Receivables consists of trade receivables and an advance to a related party. The Company records lifetime expected credit losses against trade receivables and does not consider there to be any material risk against non-collection of trade receivables recorded at December 31, 2022.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it has sufficient liquidity to meet liabilities when due. As at December 31, 2022, the Company had a cash balance of $4,278 (June 30, 2022 - $6,187) to settle current liabilities of $1,195,678 (June 30, 2022 - $1,013,303).

A summary of the Company's undiscounted liabilities as at December 31, 2022, is as follows:

	Total	Within 1 year	2 - 5 years
	$	$	$
Accounts payables and accrued liabilities	**1,067,800**	1,067,800	-
Promissory note	**100,000**	100,000	-
Shareholder loan	**7,550**	7,550	-
Convertible promissory note	**40,000**	-	40,000
	1,215,350	1,175,350	40,000

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as foreign exchange rates and interest rate risk.

c) Foreign currency risk

The Company's functional currency is the Canadian dollar, and its subsidiary's functional currency is the United States dollar. Foreign currency risk is the risk that the value of the Company's financial instruments denominated in foreign currencies will fluctuate due to changes in foreign exchange rates. Changes in the exchange rate between foreign currencies and the Canadian Dollar could have a significant impact on the Company's financial position, results of operations, and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is mainly exposed to foreign currency risk on financial instruments (consisting of cash, prepaid expenses, and trade payables) denominated in US dollars.

A summary of the Company's net monetary assets and liabilities held in foreign currencies, expressed in Canadian dollars, is as follows:

	December 31, 2022	June 30, 2022
	$	$
Cash	**2,151**	2,830
Prepaid expenses	**815**	-
Accounts payable and accrued liabilities	**(293,470)**	(360,421)
Net financial liabilities	**(290,504)**	(357,591)

As at December 31, 2022, Management has determined the Company's exposure to foreign currency risk to be at an acceptable level.

d) Interest rate risk

The Company has a convertible promissory note and a promissory note with an interest rate of 10%. The Company regularly monitors its cash management policy. The Company is not exposed to interest rate risk as the interest rate on the convertible promissory note and promissory note is fixed.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company's capital consists of all components of shareholders' equity. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources for its operations and to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners. The Company monitors capital on the basis of maintaining sufficient cash flow to comply with financial obligations. During the period, the Company's strategy, which was unchanged from the prior year, was to issue sufficient additional shares from the treasury to meet all such obligations. The Company is not subject to any externally imposed capital requirements.

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at the date of this MD&A, the Company has the following securities outstanding:

	#
Common shares (1)	25,007,492
Share options	2,642,857
Warrants	2,264,285
Special warrants	2,857,143

(1) Common shares include 4,238,700 shares held in escrow, 2,131,018 shares subject to a voluntary pooling agreement, and 540,000 shares subjected to voluntary hold period.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements have been prepared in accordance with IFRS as issued by the IASB and IFRIC, effective as at December 31, 2022. The Company's significant accounting policies are described in Note 3 of the Company's Annual Financial Statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's critical accounting estimates and judgements are described in Note 2 of the Company's financial statements and Note 2 of the Company's Annual Financial Statements.

ADDITIONAL INFORMATION

Additional information relating to Tevano Systems Holdings Inc., including the Company's annual information filing is available on SEDAR at www.sedar.com.

RISK FACTORS

For a detailed listing of the risk factors faced by the Company, please refer to the Company's Annual MD&A.