Management Discussion and Analysis
For the year ended February 28, 2018
Hello Pal International Inc.
Report Dated June 28, 2018

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the year ended February 28, 2018 prepared as of June 28, 2018, should be read in conjunction with the audited consolidated financial statements for the year ended February 28, 2018 and the related notes thereto of Hello Pal International Inc. ("the Company"). The MD&A is the responsibility of management and has been reviewed and approved by the Board of Directors of the Company.

The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRIC's") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

The following discussion and analysis may contain forward-looking statements which are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth in the following discussion.

GENERAL

The Company was incorporated under the Company Act of British Columbia on October 2, 1986 and changed its name to Hello Pal International Inc. on May 9, 2016. Prior to May 13, 2016, the Company was listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "NEO.H". On May 13, 2016, the Company received approval from the TSX-V to have its shares de-listed and received acceptance from the Canadian Securities Exchange ("CSE") to have its shares listed under the symbol "HP". On June 28, 2016, the Financial Industry Regulatory Authority of the United States cleared the Company's Form 211 application for a quotation on OTC Link, and as such, the common shares of the Company now trade under the US symbol "HLLPF".

On May 9, 2016, the Company consolidated its common shares on the basis of one-post consolidation common share of the Company for every 1.5 pre-consolidation common share of the Company. All share numbers and amounts have been retroactively restated for the periods presented in this MD&A.

FISCAL 2018 AND RECENT HIGHLIGHTS

On June 23, 2017, the Company entered into a promissory note agreement with a shareholder for proceeds of $100,000, bearing an interest rate of 4% per annum, maturing on June 23, 2019.

On July 27, 2017, the Company completed a non-brokered private placement, issuing 8,050,331 units at a price of $0.15 per unit for gross proceeds of $1,207,550. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $0.20 per share for a period of two years from the date of issuance.

On September 21, 2017, the Company announced the launch of its first companion app, "Travel Pal", targeting the travel sector by encouraging interaction with locals and other travelers within the same geographical area.

On October 3, 2017, the Company released its Moments feature on both the Hello Pal and Travel Pal apps, allowing users to share 'moments' of their lives through different forms of media, audio and text and gain insights about the lives of others.

On May 25, 2018, the Company announced the launch of its second companion app, "Language Pal", which is focused solely on the language learning sector and aims to make language learning a much more social affair for learners.

On June 12, 2018, the Company announced that it has entered into a cooperation agreement with Shanghai Yitang Data Technology Co. Ltd. ("Yitang") to transform the Hello Pal platform into one that is based on blockchain technology, in order to help the platform become more decentralized and user-driven and also to create value for the users.

THE TRANSACTION

On May 13, 2016, the Company completed an asset purchase agreement (the "Transaction") with a private Hong Kong based company ("PrivCo"), whereby the Company agreed to acquire all of the assets that comprise the Hello Pal software application (the "HPI Platform"), in consideration for 25,000,000 post-consolidation common shares of the Company. The Company also issued 2,000,000 post-consolidation common shares for finder's fees. 13,725,000 of these post-consolidation common shares were placed in escrow whereby 10% of the escrowed shares were released on May 13, 2016 and 15% of the escrowed shares are released each six month period thereafter.

The HPI Platform is a proprietary and open social exchange language and learning mobile application and network for use in a whole host of applications – including for language learning and socialization. The HPI Platform enables users' the freedom to speak in their own language regardless of the other person's language they are speaking to. The HPI Platform was launched on the Google Play Store in May 2015, iOS App Store in November 2015 and the Windows platform in 2016.

The shares issued were valued at $3,750,000 using a market value of $0.15 per share, which was determined based on the share issue price of the private placement financing closed on the date of the acquisition in conjunction with the Transaction. Transaction costs, comprised of professional fees of $25,167 and 2,000,000 post-consolidation common shares issued as finder's fees, are included in the consideration paid to acquire the HPI Platform.

DESCRIPTION OF BUSINESS

The Company develops, markets and operates a live interactive social and language exchange platform. The HPI Platform is a proprietary, open social exchange language and learning mobile app and network for use in a whole host of applications, including for language learning and socialization. The proprietary intangible and tangible assets that comprise of the HPI Platform are:

1. ***Backbone Technology.*** A backbone technology (software, content and server) that provides a stable and robust language exchange and chat-drive network allowing anyone to communicate with another person regardless of the language they are

speaking in. The HPI Platform social language exchange app ("Hello Pal App") and network was launched on the Google Play store in May 2015, the Apple App store in November 2015 and the Windows platform in 2016.

2. ***Voice to Voice Exchanges.*** The HPI Platform allows for true to voice-to-voice exchanges, which means that users can speak with each other with their own voice, not just text translations.

3. ***Filtering and Matching.*** Included is filtering and matching abilities, so that users can easily find other people and parties (i.e. pals) that directly suit and meet a user's own defined criteria – e.g. for use as a matching service. Users can filter by native/learning languages, nationality, and other criteria.

4. ***Phrasebooks.*** Phrasebooks that are built for on-line and mobile chat. Users can simply choose a phrase, listen to the professionally recorded audio guide, and repeat the phrase in the foreign language, then they can send it directly to a pal.

<u>Key Features of the HPI Platform</u>
The HPI Platform is designed to deliver a customized learning experience to each user.

Live Chat Feature. A user is able to "chat" in real time with another user in order to learn a new language. A chat may involve voice-to-voice exchange or text with another user. The HPI Platform's voice-to voice technology allows users to speak with their own voice and not simply text translations.

Connecting with a Pal. The proprietary technology of the HPI Platform includes extensive filtering and matching abilities so that users can finder other users, people or parties (ie. "pals") that directly suit and meeting the user's defined criteria. Users are able to filter by language, learned languages and nationality.

Phrasebooks. The HPI Platform has phrasebooks each with over 2,000 phrases. A user can choose a phrase, listen to the recorded audio of the phrase and repeat the phrase. After, the user is able to send their recording of the phrase they learned to another user.

Hello Pal Games. Various games are also offered under the HPI Platform. In addition to enhancing learning, these games also focus on the social aspect of the HPI Platform.

Overall, the HPI Platform has been designed from the ground up to be easy-to-use and has many features that enables users' the freedom to speak and communicate in their own language regardless of the language of the person they are speaking to.

OPERATIONS UPDATE
The Company has continued to improve upon the HPI Platform, rolling out numerous updates including voice and video-calling, 'stickers' and direct notification features. As of the end of May 2018, the Company's HPI Platform has exceeded 3.3 million registered users, realized an ongoing increase in the average number of daily new users of around 2,000 to 3,000, and is continuing to experience user growth by building a highly diversified global user base. Other recent improvements include server-side upgrades to provide additional stability to deal with the increasing number of users, as well as features such as the ability to share with friends on social platforms and a friends' list. On September 21, 2017, the Company announced that its programming team in China launched its first companion app, "Travel Pal", a social app targeting

worldwide travelers, as well as developing other companion applications. These apps will all be run on the same platform and users will be part of a common Hello Pal user base. On October 3, 2017, the Company announced the release of its Moments feature on both the Hello Pal and Travel Pal apps, allowing users to share 'moments' of their lives through different forms of media, audio and text with other users and gain insights about the lives of others.

Along with a growing technical team the Company also expanded its team of global Country Representatives who are responsible for public relations and marketing of the HPI Platform in their areas. In conjunction with the Country Reps the Company embarked on a broad user acquisition and PR campaign, which involved influencer endorsements, targeted online marketing and social media outreach.

The Company's expanding platform will inform and shape the Company's ability to introduce monetization features in the near future. The direct notification feature, included in Version 3.1 of the HPI Platform, was the beginning of such initiatives. The Company has also recently added an Arabic phrasebook to meet the increase in registered users from the Middle East, thereby allowing global users to more easily communicate with Middle East users in Arabic. Language phrasebooks can also be downloaded as separate apps at the IOS and Android stores.

On May 25, 2018, the Company announced the launch of its second companion app, "Language Pal", which is focused solely on the language learning sector and aims to make language learning a much more social affair for learners. This new app allows the users to learn from and with each other, drawing support and motivation from a large community of users. As a key method to incentivize users to help each other, the Company is working with partners to implement an in-app payment and rewards system across all three apps, so that users become much more motivated to help others, whether it is in the form of teaching another student, hosting a traveler, or even as simple as leaving a helpful comment on a user's Moments post.

On June 12, 2018, the Company announced that it has entered into a cooperation agreement with Shanghai Yitang Data Technology Co. Ltd. ("Yitang") to transform the Hello Pal platform into one that is based on blockchain technology. The main purpose of implementing blockchain technology is to develop the HPI platform into one that is increasingly decentralized and user-driven, a platform where value that is created by users is returned to the users, and where power is also put back into the hands of users.

Originally a leading research and development company in Shanghai with patented trading engine and advanced core computational engine technology, Yitang has in recent years focused on developing and implementing blockchain technology, including innovative consensus algorithms, cutting-edge cryptography and smart contract engines for its clients, and has also partnered with the Softbank group in this area. Yitang to date has already helped many companies (including some with millions of users) to implement blockchain-based solutions, as well as total solutions for the management and settlement of digital currency, and global real-time payments solutions.

SELECTED ANNUAL INFORMATION

The Company's three most recent fiscal period ends were on February 28, 2018, February 28, 2017 and February 29, 2016 respectively. The following is a summary of certain selected audited financial information for the last three completed fiscal years:

	2018	**2017**	**2016**
	$	**$**	**$**
Total Revenues	Nil	Nil	Nil
Net Loss	(2,293,933)	(3,550,277)	(129,937)
Net Loss Per Share (basic and diluted) (1)	(0.03)	(0.06)	(0.01)
Total Assets	3,036,465	4,117,858	6,547

(1) The basic and diluted loss per share calculations result in the same amount due to the anti-dilutive effect of outstanding stock options and warrants, if any.

The decrease in total assets during the year ended February 28, 2018 is primarily a result of the Company incurring development costs totaling $384,924, offset by depreciation of $1,203,255. The decrease in net loss is mainly due to not having any share-based payment expense during the year ended February 28, 2018, as no stock options were granted during the current fiscal year.

The increase in total assets during the year ended February 28, 2017 was the result of the Company completing the acquisition of the HPI Platform with PrivCo and incurring development costs totaling $4,725,008, offset by depreciation of $923,265.

RESULTS OF OPERATIONS

The Company recorded a net loss of $2,293,933 ($0.03 per share) for the year ended February 28, 2018 as compared to a net loss of $3,550,277 ($0.06 per share) for the year ended February 28, 2017.

Variances of note in administrative expenses are:

Accounting and audit of $131,853 (2017 - $66,242), Management and consulting fees of $151,491 (2017 – $115,533), Office and miscellaneous of $191,993 (2017 - $140,636) and Rent of $56,963 (2017 – $43,267) increased during the year ended February 28, 2018 compared with 2017, due to having business activities and operations in Hong Kong and China for the full year instead of just nine months in the previous fiscal year.

Depreciation of $1,253,879 (2017 - $923,738) increased during the year ended February 28, 2018 compared with 2017, primarily due to the amortization of the HPI Platform for the full year instead of just nine months in the previous fiscal year.

Marketing of $80,061 (2017 - $274,834) decreased as a result of a curtailment of marketing activities for promoting the HPI platform to current and potential users.

Transfer agent and filing fees of $19,577 (2017 - $45,918) decreased during the year ended February 28, 2018 compared with 2017, as a result of the Company's submitting an application to have its shares listed on the CSE and OTC link in 2018 instead of the TSX-V in 2017, as well as expenditures incurred for the Company's AGM that held in June 2016 during the 2017 fiscal year.

Salaries and benefits of $315,092 (2017 – $203,436) increased as a result of business operations in 2018 reflecting the full year whereas 2017 included only nine months.

Share-based payments of $nil (2017 – $1,384,907) decreased as a result of the Company granting 6,400,000 stock options during the 2017 fiscal year while no stock options were granted during the current fiscal year.

Shareholder communications of $72,885 (2017 – $308,116) decreased as a result of a curtailment of investor relations activities.

QUARTERLY FINANCIAL REVIEW

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters. No cash dividends were declared in any of the reported periods.

	THREE MONTHS ENDED			
	Feb 28, 2018 $	**Nov 30, 2017 $**	**Aug 31, 2017 $**	**May 31, 2017 $**
Total assets	3,036,465	3,309,761	3,653,489	3,731,764
Working capital (deficiency)	(195,048)	(237,146)	19,420	(297,837)
Net loss	(634,473)	(483,606)	(591,758)	(584,096)
Net loss per share(1)	(0.00)	(0.01)	(0.01)	(0.01)

	THREE MONTHS ENDED			
	Feb 28, 2017 $	**Nov 30, 2016 $**	**Aug 31, 2016 $**	**May 31, 2016 $**
Total assets	4,117,858	4,983,981	5,264,150	5,514,266
Working capital (deficiency)	100,062	142,086	681,457	1,304,465
Net loss	(1,351,318)	(317,824)	(338,616)	(1,542,519)
Net loss per share(1)	(0.02)	(0.00)	(0.00)	(0.04)

(1)The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants if any.

The net loss recorded during the quarter ended May 31, 2016 was higher as a result of the Company granting 6,400,000 stock options resulting in share-based payments expense of $1,384,907.

The net loss recorded during the quarter ended February 28, 2017 was higher primarily due to the amortization of the HPI Platform over its estimated useful life.

FOURTH QUARTER

The Company recorded a net loss of $634,473 ($0.00 per share) for the quarter ended February 28, 2018 as compared to a net loss of $1,351,318 ($0.04 per share) for the quarter ended February 28, 2017. The net loss for the quarter ended February 28, 2017 was higher as a result of the amortization expense taken on the HPI Platform over its useful life.

FINANCING ACTIVITIES

On May 13, 2016, the Company closed a private placement financing of 12,000,000 post-consolidation common shares of the Company at a price of $0.15 per post-consolidation common share for gross proceeds of $1,800,000 (the "Financing"). The proceeds of the Financing have been used to fund the operations of the HPI Platform and for general working capital purposes. In connection with the Financing, the Company incurred legal costs of $13,775, paid finder's fees of $53,848 and issued 375,189 finders' warrants valued at $56,725. Each finder's warrant entitles the holder to purchase one additional common share at an exercise price of $0.25 on or before May 13, 2018. On September 13, 2016, the Company issued 6,000 common shares pursuant to an exercise of 6,000 finders' warrants at an exercise price of $0.25 per share for gross proceeds of $1,500. The residual 369,189 finders' warrants expired unexercised on May 13, 2018.

During the year ended February 28, 2017, the Company received a total of $9,575 from the former President of the Company and a shareholder, which were non-interest bearing loans made to the Company to finance its activities in order to continue its operations. The loans were due on demand, unsecured and had no maturity date. During the year ended February 28, 2017, the Company repaid the outstanding balance of the loans in full.

The Company received loans of $85,318 during the year ended February 28, 2018 from a company controlled by Kean Li Wong, current President and CEO, which are non-interest bearing, due on demand, unsecured and have no maturity date. During the year ended February 28, 2018, the Company repaid $45,000 of the total loans outstanding. The balance outstanding as at February 28, 2018 was $40,318.

On June 23, 2017, the Company entered into a promissory note agreement with a shareholder for proceeds of $100,000, maturing on June 23, 2019. The promissory note is unsecured and bears an interest rate of 4% per annum calculated on the principal balance, and is payable on the maturity date. During the year ended February 28, 2018, the Company recorded interest of $2,739. The principal and interest outstanding at February 28, 2018 is $102,739.

On July 27, 2017, the Company completed a non-brokered private placement, issuing 8,050,331 units at a price of $0.15 per unit for gross proceeds of $1,207,550. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase one additional common share at an exercise price of $0.20 per share for a period of two years from the date of issuance. In connection with the private placement, the Company incurred legal and filing fees of $4,618.

LIQUIDITY, CAPITAL RESOURCES AND GOING CONCERN

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

To maintain or adjust its capital structure, the Company may issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash. The Company is dependent on the capital markets as its primary source of operating working capital and the Company's capital resources are largely determined by its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements of the CSE.

As at February 28, 2018, the Company held cash of $83,835 and had a working capital deficiency of $195,048. During the year ended February 28, 2018, net cash used in operating activities was $975,186. Net cash provided by financing activities consisted of private placement proceeds of $707,907, proceeds of $100,000 from a promissory note, net advances from related parties of $27,500, and advances on convertible notes of $325,000. The Company also incurred $16,031 for the purchase of equipment and leasehold improvements at its offices in Vancouver, Canada and $380,678 of software acquisition and development costs as part of investing activities. The Company needs to complete additional financings in order to maintain its current activity levels and to fund ongoing operations. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future.

The Company's consolidated financial statements have been prepared on the going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. As at February 28, 2018, the Company had not yet achieved profitable operations and had an accumulated deficit of $8,639,617 since inception.

Historically the Company has financed its operations primarily through equity issuances and occasionally through loans from shareholders. The Company currently has insufficient cash to fund its operations for the next twelve months. As a result there is significant doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption was appropriate, management took into account all relevant information available about the future, which was at least, but not limited to the twelve months following February 28, 2018.

The Company is currently implementing various financing strategies, including the following:

- Subsequent to February 28, 2018, the Company closed two private placements of convertible notes for total gross proceeds of $925,000.
- The Company has also initiated an internal plan to reduce operating expenses.
- In order to start generating revenues, management believes that the Company needs to reach a threshold level of users for its apps. The Company is currently working on improving the features of the software applications which would be more attractive to users.
- The Company is exploring financing alternatives in order to provide additional capital.

These plans are expected to generate sufficient liquidity to finance operations within the next fiscal year until the monetization aspect of the Company's software applications can begin. The Company believes that based on the financial strength of its existing shareholder base and previous success in raising capital, any shortfall in its operating plan will be met through one or more of the above strategies.

CAPITAL EXPENDITURES

The Company incurred software acquisition and development costs of $380,678 (2017 - $589,808) and purchases of equipment of $16,031 (2017 – $2,500) during the year ended February 28, 2018. The Company does not currently have any capital expenditure commitments.

RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's directors, officers and companies associated with them, including Malaspina Consultants Inc., a company owned by Robert McMorran, a director and in which Natasha Tsai, CFO, is an associate. The Company incurred charges to directors and officers, or to companies associated with these individuals during the year ended February 28, 2018 and 2017 as follows:

		Years ended
	February 28, 2018	**February 28, 2017**
	$	**$**
Accounting and corporate secretarial fees (1)	51,292	35,779
Salaries capitalized as application development costs (2)	23,329	54,567
Management fees (3)	103,880	89,454
Share issue costs (4)	3,864	5,750
Share-based payment	-	367,866
	182,365	553,416

(1) The charges include accounting and corporate secretarial fees paid to Malaspina Consultants Inc.

(2) The charges include application development costs paid to Daniel Kou, CTO

(3) The charges include management fees paid to Kean Li Wong, President and CEO, Daniel Kou, CTO and Gunther Roehlig, former President and CEO.

(4) The charges include share issue costs paid to Malaspina Consultants Inc. in connection with the private placement.

Accounts payable and accrued liabilities at February 28, 2018 included $nil due to Daniel Kou, CTO, $30,484 due to KL Wong, President and CEO, and $37,383 due to Malaspina Consultants Inc. Related party transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

Key management of the Company includes the President, CTO, CFO and the Directors. During the year ended February 28, 2018, compensation paid to key management consisted of management fees of $103,880 (2017 – $89,454) paid/incurred to Kean Li Wong, Daniel Kou and Gunther Roehlig, application development costs of $23,329 (2017 – $54,567) paid to Daniel Kou, and accounting and corporate secretarial fees of $51,292 (2017 – $35,779) and share issue costs of $3,864 (2017 – $5,750) paid to Malaspina Consultants Inc., and share-based payments of $nil (2017 - $367,866) made to Kean Li Wong, Gunther Roehlig, Natasha Tsai and the Directors.

During the year ended February 28, 2017, the Company received a total of $9,575 from Gunther Roehlig and a shareholder, which were non-interest bearing loans made to the Company to finance its activities in order to continue its operations. The loans were due on demand, unsecured and had no maturity date. During the year ended February 28, 2017, the Company repaid the outstanding balance of the loans in full.

The Company received loans of $85,318 during the year ended February 28, 2018 from a company controlled by Kean Li Wong, President and CEO, which are non-interest bearing, due on demand, unsecured and have no maturity date. During the year ended February 28, 2018, the Company repaid $45,000 of the total loans outstanding. The balance outstanding as at February 28, 2018 is $40,318.

On June 23, 2017, the Company entered into a promissory note agreement with a shareholder for proceeds of $100,000, maturing on June 23, 2019. The promissory note is unsecured and bears an interest rate of 4% per annum calculated on the principal balance, and is payable on the maturity date. During the year ended February 28, 2018, the Company recorded interest of $2,739. The principal and interest outstanding at February 28, 2018 is $102,739.

Other than as reflected above, there were no other transactions with key management, or compensation paid or payable for their services.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, due to related parties and promissory note. Cash is designated as FVTPL, which is measured at fair value. Accounts payable and accrued liabilities, due to related parties and promissory note are designated as other financial liabilities, which are measured at amortized cost.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value, by reference to the reliability of the inputs used to estimate the fair values.

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities. The Company's cash is carried at fair value using Level 1 inputs.

- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

- Level 3 – Applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

As at February 28, 2018, the Company believes that the carrying values of cash, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of their nature and relatively short maturity dates or durations.

Credit risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets as disclosed in the consolidated statements of financial position. The Company's cash is held with reputable banks in Canada, Hong Kong and China. The credit risk related to cash is considered minimal.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited because the promissory note has a fixed interest rate.

Liquidity risk
The Company manages liquidity risk by maintaining sufficient cash to enable settlement of transactions as they come due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation. Management monitors the Company's contractual obligations and other expenses to ensure adequate liquidity is maintained. As at February 28, 2018, the Company has a cash balance of $83,835 to settle its current liabilities of $290,841.

Foreign exchange rate risk
Foreign exchange rate risk is the risk that exists when a financial transaction is denominated in a currency other than the functional currency of the company.

The Company operates in Hong Kong and China and its cash is held in Hong Kong dollars and Chinese Yuan Renminbi. A significant change in the current exchange rates between the Hong Kong dollar relative to the Canadian dollar and the Chinese Yuan Renminbi to the Canadian dollar could have an effect on the Company's results of operations, financial position and cash flows. The Company has not hedged its exposure to currency fluctuations. At February 28, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in Hong Kong dollars and Chinese Yuan Renminbi.

	Hong Kong Dollars ($)	**Chinese Yuan Renminbi (¥)**
Cash	8,740	14,826
Accounts payable and accrued liabilities	(651,239)	(18,027)

At February 28, 2018, Hong Kong dollar amounts were converted at a rate of 1 HKD to 0.164 CAD; Chinese Yuan Renminbi were converted at a rate of 1 CNY to 0.202 CAD.

Based on the above net exposures as at February 28, 2018, assuming that all other variables remain constant, a 10% change of the Canadian dollar against the Hong Kong dollar and Chinese Yuan Renminbi would result in a change of approximately $7,764 in the Company's comprehensive loss for the year.

COMMITMENT
On June 1, 2017, the Company entered into a sublease agreement for the use of office premises in Vancouver, BC, Canada. The amount of the total lease payments committed is $31,642 for the fiscal years ended February 28, 2019 and February 29, 2020; $31,743 for the year ended February 28, 2021; $32,852 for the year ended February 28, 2022; and $30,114 for the year ended February 28, 2023.

SUBSEQUENT EVENTS

a) April 2018 Convertible Note Financing

On April 16, 2018, the Company closed a convertible note private placement in the principal amount of $425,000. Under the financing, each note will bear interest at a rate of 15% per annum and be due five years from the date of issue. The notes will be convertible into units at a price of $0.115 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional share common share of the Company at a price of $0.115 per share for a period of five years from the date of issue.

As at February 28, 2018, $325,000 of proceeds had been received on the convertible notes.

b) June 2018 Convertible Note Financing

On June 6, 2018, the Company closed another convertible note private placement in the principal amount of $500,000. Under the financing, each note will bear interest at a rate of 15% per annum and be due five years from the date of issue. The notes will be convertible into units at a price of $0.14 per unit and each unit will consist of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional share common share of the Company at a price of $0.14 per share for a period of five years from the date of issue.

c) Stock Options

On June 6, 2018, the Company granted 840,000 stock options to its directors, officers and consultants. The stock options have an exercise price of $0.22 per share and expire on June 6, 2023.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company also has not early adopted any of these standards in the consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") proposes to replace IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company does not expect the new standard to have a material impact on the consolidated financial statements.

IFRS 9, Financial Instruments ("IFRS 9") as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, Financial Instruments: Recognition and Measurement and applies the classification and measurement of financial assets and liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but the complete version of IFRS 9, issued July 2014, moved the mandatory effective date to January 1, 2018. The Company does not expect the new standard to have a material impact on the consolidated financial statements.

IFRS 16, *Leases* ("IFRS 16") specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after

January 1, 2019. The Company is currently evaluating the impact that the new guidance is expected to have on its consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only; in the period of the change and future periods, if the change affects both.

a) Critical Judgments

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustments to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Going concern

These consolidated 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.

The assessment of the Company’s ability to source future operations and continue as a going concern involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used.

Asset acquisition

The assessment of whether an acquisition meets the definition of a business or an asset is an area of key judgment. In the acquisition of the HPI Platform, judgement was required to determine if the acquisition represented a business combination or an asset acquisition. More specifically, management concluded that HPI Platform did not represent a business as the assets acquired were not an integrated set of activities with inputs, processes and outputs. Since it was concluded that the Transaction represented the acquisition of an asset, there was no goodwill recognized and the transactions costs were capitalized to the assets purchased rather than expensed.

Capitalization of software development costs

The application of the Company’s accounting policy for capitalization of software development costs requires judgment in determining which development expenditures are recognized as intangible assets and applying the policy consistently. In making this determination, the Company considers the degree to which the development expenditure can be associated with developing new software applications.

Impairment of long-lived assets

Each asset or CGU is evaluated every reporting period to determine whether there are any indicators of impairment. If any such indicators exist, which is often judgment-based, a formal estimate of recoverable amount is performed and an impairment charge is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or CGU of assets is measured at the higher of fair value less costs of disposal or value in use. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the assets may be further impaired or the impairment charge reversed with the impact recorded in profit or loss.

b) Key Sources of Estimation Uncertainty

The significant assumptions about the future and other major sources of estimation uncertainty as at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of the Company's assets and liabilities are as follows:

Depreciation and amortization

Software application assets are amortized based on estimated useful life less their estimated residual value. Significant assumptions are involved in the determination of useful life and residual values and no assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions. Actual useful life and residual values may vary depending on a number of factors including internal technical evaluation, physical condition of the assets and experience with similar assets. Changes to these estimates may affect the carrying value of assets, net income (loss) and comprehensive income (loss) in future periods.

Income taxes

Significant estimate is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

CAPITALIZATION

a) **Authorized**
   Unlimited common shares without par value

b) **Issued and outstanding at June 28, 2018:**
   72,430,309 common shares

c) **Escrow shares:**
   6,176,250 issued and outstanding common shares are held in escrow. 1,372,500 common shares were released on May 13, 2016 with 15% to be released every 6 months thereafter.

d) **Outstanding warrants and options:**

Type of security	Number	Exercise Price	Expiry date
Share purchase warrants	8,050,331	$ 0.20	July 27, 2019
Stock options	6,400,000	$ 0.15	May 13, 2021

FUTURE OUTLOOK

Further to the release of Language Pal in May 2018, the 2019 fiscal year will also see the introduction of an incentives-based rewards platform which will see users much more incentivized to help each other across all of the Company's apps, as well as pave the way for gradual monetization of its user base.

The Company is also in the process of transforming the Hello Pal platform into one that is based on blockchain technology. The main purpose of implementing blockchain technology is to develop the HPI platform into one that is increasingly decentralized and user-driven, a platform where value that is created by users is returned to the users, and where power is also put back into the hands of users.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended February 28, 2018 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company is currently subject to financial and regulatory risks. The financial risk is derived from the uncertainty pertaining to the Company's ability to raise capital to continue operations. Regulatory risks include the possible delays in getting regulatory approval for the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings and the introduction of ever more complex reporting requirements, the cost of which the Company must meet in order to maintain its exchange listing.

OTHER INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.