Management Discussion and Analysis
For three and nine months ended November 30, 2018
Hello Pal International Inc.
Report Dated January 23, 2019

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three and nine months ended November 30, 2018 prepared as of January 23, 2019, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended November 30, 2018 and the related notes thereto of Hello Pal International Inc. ("the Company"), together with the audited consolidated financial statements of the Company for the year ended February 28, 2018 as well as the accompanying MD&A for the year then ended.

The referenced consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The accounting policies and methods of computation followed in the preparation of the condensed interim consolidated financial statements are identical to those followed in the preparation of the audited financial statements for the year ended February 28, 2018. 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"). 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".

RECENT HIGHLIGHTS

On April 16, 2018, the Company closed a convertible note private placement in the principal amount of $425,000. Each note bears interest at a rate of 15% per annum and is due five years from the date of issue. The notes are 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.

On June 6, 2018, the Company closed another convertible note private placement in the principal amount of $500,000. Each note bears interest at a rate of 15% per annum and is due five years from the date of issue. The notes are 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.

On June 12, 2018, the Company announced that it had 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.

On August 14, 2018, the Company released version 5.0 of the Hello Pal platform which includes a unique, proprietary digital wallet. Users will now be able to store and transfer popular digital assets and tokens, including Bitcoin and Ether, through the use of blockchain technology.

On October 9, 2018, the Company announced that, along with the release of Hello Pal version 5.2, it has launched its own proprietary blockchain-based tokens to users on its established HPI Platform. The token, named "Palto" ("PLT"), forms a crucial part of the Company's strategy to create a thriving ecosystem that spans across the HPI Platform.

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 acquired all of the assets that comprise the Hello Pal software application (the "HPI Platform"), in consideration for 25,000,000 common shares of the Company. The Company also issued 2,000,000 common shares for finder's fees. 13,725,000 of these 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 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 common shares issued as finder's fees, were included in the consideration paid to acquire the HPI Platform.

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.

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.

Key Features of the HPI Platform
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 December 2018, the Company's HPI Platform has exceeded 3.5 million registered users, realized an ongoing increase in the average number of daily new users of around 3,500, 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 the launch of its first companion app, "Travel Pal", a social app targeting worldwide travelers, as well as developing other companion applications, which is run on the same platform. 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.

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 HPI 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.

On August 14, 2018, the Company released version 5.0 of the HPI Platform which includes a unique, proprietary digital wallet. Users will now be able to store and transfer popular digital assets and tokens, including Bitcoin and Ether, through the use of blockchain technology. The ability to transfer such digital assets will enable the Hello Pal users to make payments easily and efficiently to and from lesser developed countries and even in micro amounts. The Company anticipates that its digital wallet will also have a positive impact on further expanding the user base, user retention rates and daily activity levels of the HPI Platform.

On October 9, 2018, the Company announced that, along with the release of Hello Pal version 5.2, it has launched its own proprietary blockchain-based tokens to users on its established HPI Platform. The token, named "Palto" ("PLT"), forms a crucial part of the Company's strategy to create a thriving ecosystem that spans across the HPI Platform. Hello Pal users will now earn Palto's for specific actions in the Hello Pal ecosystem such as creating popular Moments postings and helping other users learn new languages. Hello Pal users will earn Palto's through the use of the HPI Platform and cannot currently purchase Palto's from Hello Pal. Paltos earned by users will be automatically stored securely in their Hello Pal digital wallet alongside other select established blockchain-enabled digital currencies that the user may have, such as Bitcoin and Ether. Palto, as a decentralized store of value, also allows users to directly pay other users with Paltos who help them with their various needs, and at the same time allow users to be remunerated in Paltos from other users for their efforts in helping to fulfil those users' needs. Paltos are ERC20-compliant tokens issued through the popular Ethereum blockchain.

RESULTS OF OPERATIONS

Nine months ended November 30, 2018

The Company recorded a net loss of $2,039,792 ($0.03 per share) for the nine months ended November 30, 2018 as compared to a net loss of $1,659,460 ($0.03 per share) for the nine months ended November 30, 2017.

Variances of note in administrative expenses are:

Accounting and audit of $35,918 (2017 - $80,611) decreased during the nine months ended November 30, 2018 due to the timing of the audit fees. The audit fees for the nine-month period ended November 30, 2017 included both the audit fees accrued for the fiscal 2018 audit as well as the 2017 fiscal year audit fees.

Accretion of $10,536 (2017 - $nil) was incurred as a result of the Company issuing convertible notes in the principal amounts of $425,000 on April 16, 2018 and $500,000 on June 6, 2018.

Interest expense of $74,757 (2017 - $1,753) was incurred as a result of the Company entering into a promissory note agreement on June 23, 2017 for proceeds of $100,000 and issuing convertible notes in the principal amounts of $425,000 on April 16, 2018 and $500,000 on June 6, 2018. The promissory note bears an interest rate of 4% per annum and the convertible notes bear interest at a rate of 15% per annum. During the nine months ended November 30, 2017, the only outstanding debt was the promissory note of $100,000.

Management and consulting fees of $74,595 (2017 – $127,198) decreased during the nine months ended November 30, 2018 compared with 2017, due to an effort to cut costs and streamline operations.

Marketing of $158,248 (2017 - 77,120) increased as a result of an increase in marketing activities for promoting the HPI platform and its new features to current and potential users.

Legal fees of $38,268 (2017 - $5,254) increased as a result of the legal costs incurred in relation to the Company's planned initiative to transform the Hello Pal platform into one that is based on blockchain technology.

Salaries and benefits of $245,464 (2017 – $290,372) decreased during the nine months ended November 30, 2018 compared with 2017, due to an effort to cut costs and streamline operations.

Share-based payments of $143,110 (2017 – $nil) increased as a result of the Company granting 840,000 stock options during the nine months ended November 30, 2018 while no stock options were granted during the 2017 comparative fiscal period.

Shareholder communications of $1,391 (2017 – $71,732) decreased as a result of a curtailment of investor relations activities.

Three months ended November 30, 2018

The Company recorded a net loss of $639,313 ($0.01 per share) for the three months ended November 30, 2018 as compared to a net loss of $483,606 ($0.01 per share) for the three months ended November 30, 2017. The increase in net loss for the three months ended November 30, 2018 as compared to the three months ended November 30, 2017 is the result of an increase in non-cash expenses being depreciation and amortization ($360,679 in 2018 as compared to $269,264 in 2017), and an increase in marketing expenses ($61,710 in 2018 as compared to $nil in 2017) which increased as a result of increased marketing activities for promoting the HPI platform and its new features to current and potential users.

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			
	Nov 30, 2018 $	**Aug 31, 2018 $**	**May 31, 2018 $**	**Feb 28, 2018 $**
Total assets	2,177,967	2,541,995	2,918,072	3,036,465
Working capital (deficiency)	(601,655)	(280,799)	(275,380)	(195,048)
Net loss	(639,313)	(883,132)	(517,347)	(634,473)
Net loss per share(1)	(0.01)	(0.01)	(0.01)	(0.00)

	THREE MONTHS ENDED			
	Nov 30, 2017 $	**Aug 31, 2017 $**	**May 31, 2017 $**	**Feb 28, 2017 $**
Total assets	3,309,761	3,653,489	3,731,764	4,117,858
Working capital (deficiency)	(237,146)	19,420	(297,837)	100,062
Net loss	(483,606)	(591,758)	(584,096)	(1,351,318)
Net loss per share(1)	(0.01)	(0.01)	(0.01)	(0.02)

(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 February 28, 2017 was higher primarily due to an adjustment to the amortization of the HPI Platform over its estimated useful life.

The net loss recorded during the quarter ended August 31, 2018 was higher primarily due to the share-based payments expense recorded as a result of granting of 840,000 stock options.

FINANCING ACTIVITIES

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 three and nine months ended November 30, 2018, the Company recorded interest expense of $997and $3,013. The principal and interest outstanding at November 30, 2018 is $105,752.

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.

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 were non-interest bearing, due on demand, unsecured and had no maturity date. The Company made repayments of $45,000 during the year ended February 28, 2018 and repaid the remaining outstanding balance during the nine months ended November 30, 2018. The balance outstanding as at November 30, 2018 was $nil.

During the nine months ended November 30, 2018, the Company received $220,600 of non-interest bearing loans from shareholders to finance its operating activities. The loans are due on demand, unsecured and has no maturity date. The balance outstanding as at November 30, 2018 is $220,600.

On April 16, 2018, the Company closed a convertible note private placement in the principal amount of $425,000. Each note bears interest at a rate of 15% per annum and is due five years from the date of issue. The notes are 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. On July 17, 2018, $50,000 of these convertible notes were converted to 434,782 units of the Company.

On June 6, 2018, the Company closed another convertible note private placement in the principal amount of $500,000. Each note bears interest at a rate of 15% per annum and is due five years from the date of issue. The notes are 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.

In August 2018, the Company issued 120,000 common shares pursuant to exercise of warrants for total gross proceeds of $24,000 at an exercise price of $0.20.

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 November 30, 2018, the Company held cash of $17,998 and had a working capital deficiency of $601,655. During the nine months ended November 30, 2018, net cash used in operating activities was $691,006. Net cash provided by financing activities consisted of net advances from related parties of $180,282, proceeds of $600,000 from convertible notes, and proceeds of $24,000 from exercise of warrants. The Company also purchased equipment of $919 and incurred $229,107 of software 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 November 30, 2018, the Company had not yet achieved profitable operations and had an accumulated deficit of $10,679,409 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 November 30, 2018.

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

- The Company has 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 development costs of $229,107 (2017 - $320,722) and purchases of equipment of $919 (2017 – $16,031) during the nine months ended November 30, 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 that until July 31, 2018 was owned by Robert McMorran, a director and in which Natasha Tsai, CFO, was an associate until July 31, 2018 and an owner thereafter. The Company incurred charges to directors and officers, or to companies associated with these individuals during the three and nine months ended November 30, 2018 and 2017 as follows:

	Three months ended November 30		Nine months ended November 30	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Accounting and corporate secretarial fees [1]	5,822	4,935	24,864	26,097
Salaries capitalized as application development costs [2]	-	-	-	23,329
Management fees [3]	37,666	24,465	74,644	80,415
Share issue costs [4]	-	-	-	3,450
Share-based payment	-	-	42,592	-
	43,488	29,400	142,100	133,291

(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.

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

Accounts payable and accrued liabilities at November 30, 2018 included $56,907 due to KL Wong, President and CEO, and $40,496 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 three and nine months ended November 30, 2018, compensation paid to key management consisted of management fees of $37,666 and $74,644 (2017 – $24,465 and $80,415) paid/incurred to Kean Li Wong, application development costs of $nil and $nil (2017 – $nil and $23,329) paid to Daniel Kou, $5,823 and $24,865 (2017 – $4,935 and $26,097) and share issue costs of $nil and $nil (2017 – $nil and $3,450) paid to Malaspina Consultants Inc., and share-based payments of nil and $42,592 (2017 – $nil and $nil) to directors and officers.

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 were non-interest bearing, due on demand, unsecured and had no maturity date. The Company made repayments of $45,000 during the year ended February 28, 2018 and repaid the remaining outstanding balance during the nine months ended November 30, 2018. The balance outstanding as at November 30, 2018 was $nil.

During the nine months ended November 30, 2018, the Company received $220,600 of non-interest bearing loans from shareholders to finance its operating activities. The loans are due on demand, unsecured and have no maturity date. The balance outstanding as at November 30, 2018 is $220,600.

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

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.

ADOPTION OF NEW ACCOUNTING STANDARDS AND ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

a) Adoption of new accounting standards

The Company has adopted the following new standards, along with any consequential amendments, effective March 1, 2018. These changes were made in accordance with the applicable transitional provisions. The adoption of the new standards and consequential amendments did not have a material impact on the Company's consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") replaces 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 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.

b) Accounting standards issued not yet effective

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 condensed interim 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.

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 January 23, 2019:**
72,985,091 common shares

c) **Escrow shares:**
2,058,750 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	7,930,331	$ 0.20	July 27, 2019
Share purchase warrants	434,782	$0.115	July 17, 2023
Stock options	6,400,000	$ 0.15	May 13, 2021
Stock options	840,000	$ 0.22	June 6, 2023

FUTURE OUTLOOK

Further to the release of Language Pal in May 2018, during the 2019 fiscal year the Company has also introduced an incentives-based rewards platform which the Company expects to cause users to be 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 has also transformed 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

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 unaudited condensed interim consolidated financial statements for the nine months ended November 30, 2018 and this accompanying MD&A.

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.