Management Discussion and Analysis
For the three months ended May 31, 2021
Hello Pal International Inc.
Report Dated July 30, 2021

INTRODUCTION

The following management's discussion and analysis of financial condition and results of operations ("MD&A") for the three months ended May 31, 2021 prepared as of July 30, 2021, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended May 31, 2021 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, 2021 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, 2021. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this listing statement constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; lack of brand awareness; user acceptance of the Company's online applications and Livestream services, limited operating history of the Company; market fluctuations; and retention of key personnel, as well as those factors discussed in the section titled "*Risk Factors.*"

Forward looking statements are based on a number of material factors and assumptions, including no material change to competitive environment, the Company will be able to access sufficient qualified staff, and there will be no material changes to the tax and other regulatory requirements governing the Company. While the Company considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the section titled "*Risk Factors.*"

The Company intends to discuss in its quarterly and annual reports any events or circumstances that occurred during the period to which such documents relate that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this MD&A. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forwarding looking statement.

GENERAL

The Company was incorporated in British Columbia on October 2, 1986 and changed its name to Hello Pal International Inc. on May 9, 2016.

The Company is the owner of an international social networking platform (the "Hello Pal Platform"). The Hello Pal Platform is a proprietary suite of mobile applications that focus on international social interaction, language learning and live streaming. Hello Pal's overriding mission is to bring the world closer together through social interaction, language learning and travel.

Hello Pal's core business is an international livestreaming service that operates through the flagship Hello Pal app. The livestreaming service allows Hello Pal app users to broadcast themselves to other uses in real time and receive virtual gifts and coins, which can be redeemed for cash. Livestreaming is primarily used by users in China, Middle East and Southeast Asia.

The Hello Pal app has 5.8 million registered users from over 200 countries and regions, and 20,000 daily active users. In addition to livestreaming, users on the Hello Pal app are also able to find and chat with other people (ie. "pals") that directly meet the search criteria, such as, gender, language and nationality. Users can then chat using text or audio messaging with other users, using inbuilt language tools such as translation services.

Through its 51% ownership of Crypto Pal Technology Ltd. ("Crypto Pal"), Hello Pal is engaged in the mining of cryptocurrency in China. As of the date of this MD&A, Crypto Pal owns 12,500 mining rigs that are capable of mining either Litecoin, Dogecoin, Bitcoin and Ethereum. Hello Pal plans to launch a new Crypto Pal app to enhance livestreaming by permitting user access to mine and use cryptocurrency.

The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol "HP" and quoted on the OTCQB Venture Marketplace under the symbol "HLLPF".

DESCRIPTION OF BUSINESS

The Company develops, markets and operates the Hello Pal Platform that also includes the Live Streaming Service. The Hello Pal Platform enables users to find and easily interact with users from all over the world through a variety of means, such as chat messaging, livestreaming, and audio/video calling. The Hello Pal Platform was launched on the Google Play Store in May 2015, iOS App Store in November 2015.

Key Features of the Hello Pal Platform

The Hello Pal Platform includes the following key features:

Livestreaming Service. Users are able to broadcast themselves live to other users all over the world using Hello Pal's livestreaming service. Realtime communication can also happen during a livestream using text messaging or joint audio sessions from selected users. All livestreaming sessions are monitored live and 24/7 by the Company's inhouse staff to ensure the content does not violate the Company's standards.

Gifts, Payments and Earnings. Users are able to give other users virtual gifts, such as during livestreaming from a viewer to the livestreamer host, through a user's Moments postings, or simply through a user's profile. Gifts are purchased using the Hello Pal Platform's virtual currency ("coins"), which are obtained primarily when a user makes top-up payments via the various payment platforms such as through Apple's Appstore, Google's Playstore, or payment systems such as Alipay and Wechat Pay. Credits (known as 'Charm') are earned by users whenever gifts have been received, which may then be redeemed for cash by those users, thereby enabling users to have earnings through their participation on the Hello Pal Platform.

Matching and Chat. The Hello Pal Platform includes extensive filtering and matching abilities so that users can finder other users, people or parties (ie. "pals") that directly suit and meet the user's defined criteria, such as language spoken, gender and nationality. Users can then chat using text or audio messaging with other users, using the inbuilt language tools such as translation services.

Phrasebooks. The Hello Pal Platform has phrasebooks in 8 languages 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.

OPERATIONS UPDATE

As of the end of July 2021, the Company's Hello Pal Platform has exceeded 5.8 million registered users, has realized an ongoing increase in the average number of daily new users, and is continuing to experience user growth by building a highly diversified global user base.

On April 24, 2019, the Company announced the soft-launch of the Company's Live Streaming Service through the release of version 6.0 of the Hello Pal Platform. On July 9, 2019, the Company announced the official launch of its Live Streaming Service, and users have since been able to broadcast themselves live to other users, receive virtual gifts, and redeem the gifts for cash.

The launch of the Live Streaming Service has added growth momentum to the Company's userbase. The result of the cooperation with Vortex Live Inc., the launch also marks the beginning of the Company's revenue stream. As the Company continues to expand its development and operations team, it expects to increase its Live Streaming Service offerings and functionality further in the coming months in order to improve user growth, retention, sharing, and spending. Since March of 2020, Hello Pal's livestreaming service has achieved daily active livestream users of 10,000.

In February 2021, the company commenced the marketing operations for its livestreaming services in the Middle East market, with a focus on the United Arab Emirates, Saudi Arabia, Egypt and Bahrain. The Company has already begun to work with several key partners to begin this expansion, including those with an established network of livestreaming hosts in the Middle East. Such partners will help bring in a diverse community of livestreaming hosts and provide livestream content on Hello Pal that caters to the Arabic-speaking world. The Company has already been testing the Middle East market over the past several months, and initial results have been more than encouraging. Notably, largely due to the Middle East efforts, non-China revenue now accounts for 20% of its total revenue as of May 2021.

ACQUISITION OF CRYPTO PAL

On May 25, 2021, the Company entered into a definitive purchase agreement (the "Agreement") with a company controlled by Shanghai Yitang Data Technology Co. Ltd. ("Yitang"), under which the Company acquired an initial 51% interest in Crypto Pal, with an option to increase such interest to 100% (the "Transaction"). Crypto Pal owns 12,500 mining rigs dedicated to mining Dogecoin (DOGE), Litecoin (LTC), Bitcoin and Ethereum (ETH) (the "Mining Assets").

The Company has also entered into a guaranteed services agreement (the "Guaranteed Services Agreement") with Yitang to ensure that its Mining Assets are hosted across multiple locations so as to ensure diversification of risk. Pursuant to the Guaranteed Services Agreement, Yitang will guarantee the hosting of the Mining Assets as well as power supply and will provide management and hosting services.

The consideration for the Transaction is $1,500,000 payable in cash and 1,800,000 units of the Company valued at $2,250,000. Each unit has a deemed value of $1.25 and consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $2.00 for a period of two years from the date of issue.

For a period of two years following the completion of the Transaction, the Company will have the option to acquire a further 49% interest in Crypto Pal (for a total interest of 100%) for an additional payment, as to half in cash and half in common shares, where the valuation of the Mining Assets is dependent on their net profit over a 12-month period immediately preceding the date on which this option is exercised, multiplied by a formulated multiplier.

The transaction did not meet the definition of a business combination and therefore, has been accounted for as an asset purchase of Mining Assets with the Company acquiring 51% of Crypto Pal on May 25, 2021. The consideration for the acquisition of Crypto Pal has been allocated at fair value of the assets acquired and liabilities assumed, based on management's best estimate and taking into account all available information at the time of acquisition. The following table summarizes the fair value of the total consideration paid and the aggregate fair value of identified assets acquired and liabilities assumed:

Purchase price	**$**
Cash	1,500,000
1,800,000 units of the Company at $1.25 per share	2,250,000
Transaction costs	256,499
	4,006,499

Net assets acquired	**$**
Cryptocurrency	132,852
Non-controlling interest	3,849,381
Mining assets	7,723,028

VORTEX AGREEMENT

On January 29, 2019, the Company entered into a cooperation agreement (the "Cooperation Agreement") with Vortex Live Inc. ("Vortex") and the principals of Vortex (the "Vortex Team") whereby Vortex would develop and implement live-streaming video functionality into the Hello Pal Platform ("Live Streaming Service"). The principals of Vortex bring to the Company a combined experience in the live streaming industry of over 30 years, and will provide the Company with not only the core technological know-how and experience in developing live-streaming apps, but also the crucial management and operational skillset required to generate revenue on an ongoing basis. Vortex has also funded part of the development of Live Streaming Service by paying the Company $826,030.

In return for developing the Live Streaming Service, the Company will issue up to 54,000,000 shares to the Vortex Team based on the following milestones:

1. 20,000,000 shares upon the launch of the Live Streaming Service by March 31, 2019, and the Company achieving monthly revenue of RMB 1,000,000 (approximately CAD$200,000) by

May 31, 2019 – This milestone has been achieved and the Company issued 16,182,000 shares pursuant to this milestone on November 16, 2020.

2. 9,000,000 shares upon the Company achieving monthly revenue of RMB 5,000,000 (approximately CAD$1,000,000) and accumulated revenue of RMB 23,000,000 (approximately CAD$5,000,000) by December 31, 2019 – This milestone has been achieved and the Company issued 7,758,000 shares pursuant to this milestone on November 16, 2020.

3. 13,500,000 shares upon the Company achieving monthly revenue of RMB 10,000,000 (approximately CAD$2,000,000), accumulated revenue of RMB 70,000,000 (approximately CAD$14,000,000) over preceding 12 months, net positive cash flow and net profit of RMB 1,000,000 (approximately CAD$200,000) by December 31, 2020 – As at February 28, 2021, the Company has estimated the likelihood of meeting this milestone to be 100%. The Company will issue 13,500,000 shares pursuant to this milestone.

4. 11,500,000 shares upon the Company achieving monthly revenue of RMB 20,000,000 (approximately CAD$4,000,000), accumulated revenue of RMB 180,000,000 (approximately CAD$28,000,000) over preceding 12 months and net profit of RMB 10,000,000 (approximately CAD$2,000,000) by December 31, 2021 – As at February 28, 2021, the Company has estimated the likelihood of meeting this milestone to be 30%.

The above is collectively referred to as the "Vortex Transaction".

RESULTS OF OPERATIONS

The Company recorded a net loss of $4,380,502 ($0.03 per share) for the three months ended May 31, 2021 as compared to a net loss of $411,000 ($0.01 per share) for the three months ended May 31, 2020.

During the three months ended May 31, 2021, the Company recorded revenues from its Live Streaming Service of $6,972,100 while incurring direct costs of $6,178,285, generating a gross profit of $793,815 and a gross profit of 11.4%. The revenues increased 466% from the 2020 revenues of $1,231,533. During the three months ended May 31, 2021, the Company significantly increased its revenues from its Live Streaming Service as it expanded its operations and grew its user base. The Company also recognized income from cryptocurrency mining of $342,097 from its Mining Assets as a result of the acquisition of Crypto Pal.

Variances of note in administrative expenses are:

<u>Bitcoin revaluation gain of $21,431 (2020 – loss of $2,725)</u> was incurred as a result of the 2 bitcoins payable to a shareholder which shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment.

<u>Depreciation and amortization of $213,200 (2020 - $114,749)</u> relates to the depreciation of property and equipment and amortization of software application. Depreciation and amortization expense increased, due to higher amortization taken on the software application as a result of the significant additions during the year ended February 28, 2021.

<u>Interest expense of $6,521 (2020 - $39,032)</u> decreased, because much of the interest-bearing debt such as due to related parties and promissory note have either been repaid in cash or settled with shares.

Marketing of $266,340 (2020 - $4,536) increased due to an effort to promote ad market the Live Streaming Service.

Office and miscellaneous of $118,777 (2020 - $39,233) increased as the Company has expanded its operations to accommodate the growth in the Live Streaming Service.

Rent of $nil (2020 - $1,627) decreased, as the Company's office leases are now recorded as leased building assets and what was previously recorded as rent expense is now depreciation of leased assets as a result of implementing IFRS 16, *Leases*.

Salaries and benefits of $225,009 (2020 – $80,968) increased during the three months ended May 31, 2021 compared with 2020, due to higher costs in relation to the Live Streaming Service.

Share-based payments of $4,540,629 (2020 – $50,902) was incurred as a result of the fair value of the 3,000,000 stock options granted during the three months ended May 31, 2021.

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			
	May 31, 2021 $	**Feb 28, 2021 $**	**Nov 30, 2020 $**	**Aug 31, 2020 $**
Revenue	6,972,100	7,240,612	4,449,799	3,058,879
Direct costs	6,178,285	6,361,904	3,936,828	2,884,468
Total assets	19,107,461	6,380,221	2,971,197	2,638,068
Working capital (deficiency)	7,068,568	1,951,634	(478,433)	(583,876)
Net loss	(4,380,502)	(2,007,776)	(828,595)	(352,545)
Net loss per share[(1)]	(0.03)	(0.02)	(0.01)	(0.00)

	THREE MONTHS ENDED			
	May 31, 2020 $	**Feb 29, 2020 $**	**Nov 30, 2019 $**	**Aug 31, 2019 $**
Revenues	1,231,533	639,061	190,524	172,431
Direct costs	1,220,529	656,897	201,243	218,549
Total assets	2,182,460	1,921,604	2,004,107	2,182,645
Working capital deficiency	(2,211,875)	(1,891,002)	(1,549,534)	(1,158,192)
Net loss	(411,000)	(1,536,090)	(654,637)	(658,949)
Net loss per share[(1)]	(0.01)	(0.02)	(0.01)	(0.01)

[(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 Company started generating revenues from its Live Streaming Service and incurring direct costs during the quarter ended May 31, 2019 and continued generating revenues and incurring direct costs during the remaining seven quarters.

Total assets increased significantly during the quarter ended May 31, 2021 as a result of the offering of subscription receipts during the quarter.

FINANCING ACTIVITIES

During the year ended February 29, 2020, the Company received a total of $44,291 from Kean Li Wong, Interim CEO, and a company controlled by Kean Li Wong, which was non-interest bearing, due on demand, unsecured and had no maturity date. $7,678 of the loan was repaid in cash and the remaining balance of $36,613 was settled with shares at a price of $0.06 per share during the year ended February 28, 2021. During the year ended February 28, 2021, the Company received another $20,605 from Kean Li Wong, which was then settled with shares at a price of $0.06 per share for $74,861, resulting in a receivable of $54,256 due from Kean Li Wong. During the year ended February 28, 2021, the Company received $6,806 from Kean Li Wong to pay down the receivable. During the three months ended May 31, 2021, the Company advanced $63,827 to Kean Li Wong and the balance outstanding as at May 31, 2021 is $111,277 due from Kean Li Wong included in the receivables balance (February 28, 2021 – $47,450).

On November 5, 2018, the Company entered into a loan agreement for $50,000, which was to mature on November 1, 2020 and had an interest rate of 6% per annum. The lender became a director of the Company on September 1, 2019, so the loan was reclassified from loan payable to due to related parties as at February 29, 2020. The principal plus accrued interest balance of $54,710 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the balance outstanding as at May 31, 2021 is $nil (February 28, 2021 – $nil).

During the year ended February 28, 2019, the Company received a non-interest bearing loan of $1,000 from a director of the Company. The loan was due on demand, unsecured and had no maturity date. The loan was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021. During the three months ended May 31, 2021, the Company received another non-interest bearing loan of $15,000 from the same director. The loan is due on demand, unsecured and has no maturity date. The loan balance outstanding as at May 31, 2021 is $15,000 (February 28, 2021 – $nil). As at May 31, 2021, a balance of $60,000 (February 28, 2021 - $45,000) was owing to this director who is also an officer of the Company representing the consulting fees accrued to him.

During the year ended February 28, 2019, the Company received advances totalling $228,572 from a shareholder of the Company. The proceeds were received in three different tranches of $6,000, HKD 740,000 and RMB 500,000. On June 1, 2019, the Company entered into a loan agreement with respect to these advances. The loan matured on June 1, 2020, is past due and has an interest rate of 6% per annum. During the years ended February 28, 2021 and February 29, 2020, the Company received additional advances of $166,708 and $548,696 respectively from the same shareholder, which are non-interest bearing, unsecured and due on demand. $343,640 of the loan was settled with shares at a price of $0.06 per share during the year ended February 28, 2021 and $476,215 of the loan was repaid in cash during the three months ended May 31, 2021. The balance outstanding of $80,480 plus accrued interest of $22,121 as at May 31, 2021 is $102,601 (February 28, 2021 – $578,816). In addition, the Company issued a promissory note during the year ended February 28, 2018 for proceeds received of $100,000 from the same shareholder. The principal and interest balance of $111,756 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021.

During the year ended February 28, 2019, the Company received $50,000 of proceeds from a shareholder of the Company in advance of a share issuance. $15,200 of the advance was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the remaining balance of $34,800 was repaid in full during the three months ended May 31, 2021. The balance outstanding as at May 31, 2021 is $nil (February 28, 2021 – $34,800).

During the year ended February 29, 2020, the Company received additional non-interest bearing loans of $72,304 from two directors of the Company. The loans are due on demand, unsecured and have no maturity date. $57,630 of the loans was repaid in cash and $15,648 of the loans were settled with shares at a price of $0.06 per share during the year ended February 28, 2021. The balance outstanding as at May 31, 2021 is $686 (February 28, 2021 – $710).

During the year ended February 29, 2020, the Company received a non-interest bearing loan of $140,000. The loan was due on demand, unsecured and had no maturity date. The loan of $140,000 was settled for the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the balance outstanding as at May 31, 2021 is $nil (February 28, 2021 – $nil).

On June 23, 2017, the Company entered into a promissory note agreement with a company owned by a shareholder for proceeds of $100,000, maturing on June 23, 2019. The promissory note was unsecured, bore an interest rate of 4% per annum calculated on the principal balance and on overdue interest, and was payable on the maturity date. The principal and interest balance of $111,756 was settled in full with shares at a price of $0.06 per share during the year ended February 28, 2021 and the balance outstanding as at May 31, 2021 is $nil (February 28, 2021 – $nil).

On February 9, 2021 and on May 12, 2021, the Company received additional non-interest bearing loans of $10,000 and $15,000 respectively. The loans are due on demand, unsecured and have no maturity date. The balance of the loan outstanding as at May 31, 2021 is $25,000 (February 28, 2021 – $10,000).

On June 25, 2020, the Company closed the first tranche of a private placement and debt settlement by issuing a total of 35,299,999 common shares at a price of $0.06 per share, consisting of 3,326,433 shares issued for cash of $199,586 and 31,973,566 shares issued for debt of $1,918,410.

On July 20, 2020, the Company closed the second and final tranche of a private placement and debt settlement by issuing a total of 6,666,666 common shares at a price of $0.06 per share for total proceeds of $400,000.

On November 16, 2020, the Company issued 23,940,000 common shares pursuant to the Vortex agreement as a result of meeting the milestone targets. The fair value of the common shares issued is determined to be $3,591,000 based on a price of $0.15 per share.

On December 1, 2020, the Company has completed a non-brokered private placement of 8,333,332 units at a price of $0.12 per unit for gross proceeds of $1,000,000 ($300,000 of which remains outstanding as at May 31, 2021 and February 28, 2021 and is presented as a reduction of share capital as at May 31, 2021 and February 28, 2021). Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.25 per share for a period of 2 years from the date of issue.

On February 23, 2021, the Company has completed a non-brokered private placement of 5,000,000 units at a price of $0.40 per unit for gross proceeds of $2,000,000 ($1,200,000 of which was received on March 1, 2021 and was included in the receivable balance as at February 28, 2021). Each unit is comprised of one common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to purchase one additional common share at a price of $0.60 per share for a period of 2 years from the date of issue.

On February 26, 2021, the Company issued 535,714 shares in connection of conversion of $75,000 in convertible notes at a price of $0.14 per share.

During the year ended February 28, 2021, the Company issued 693,500 common shares pursuant to exercise of stock options for total gross proceeds of $92,195. A value of $103,040 was transferred from contributed surplus to share capital as a result.

During the year ended February 28, 2021, the Company issued 334,782 common shares pursuant to exercise of warrants for total gross proceeds of $38,500.

On March 8, 2021, the Company issued 442,364 units in connection with conversion of $61,932 of convertible notes at a price of $0.14 per unit. Each unit consists of one common share of the Company and one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $0.14 for a period of five years from the date of issue.

On May 12, 2021, the Company closed a brokered private placement (the "Offering") of subscription receipts (the "Subscription Receipts") with Canaccord Genuity Corp. (the "Agent"). Pursuant to the Offering, the Company sold 5,800,000 Subscription Receipts, at a price of $1.25 per Subscription Receipt (the "Offering Price"), for aggregate gross proceeds of $7,250,000.

The Subscription Receipts were issued pursuant to a subscription receipt agreement (the "Subscription Receipt Agreement") among the Company, the Agent and Computershare Trust Company of Canada. Pursuant to the Subscription Receipt Agreement, the gross proceeds from the Offering (less 50% of the Agent's cash commission and all of the Agent's estimated expenses) (the "Escrowed Funds") were placed in escrow pending satisfaction of certain escrow release conditions (the "Escrow Release Conditions"), which include all conditions precedent to the completion of the Transaction with Yitang. On May 25, 2021, upon satisfaction of the Escrow Release Conditions, the Escrowed Funds, together with the interest earned thereon, have been released to the Company and each Subscription Receipt was exercised into one unit of the Company. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will be exercisable to acquire one common share of the Company at a price of $2.00 for a period of two years after the satisfaction of the Escrow Release Conditions.

As consideration for the services provided by the Agent in connection with the Offering, the Agent received (i) a cash commission of $396,603, (ii) a fiscal advisory fee of $110,897, and (iii) a cash fee equal to $200,000, which was paid one-half in cash and one-half in common shares at the Offering Price (80,000 common shares). As additional consideration, the Agent has been issued 406,000 warrants (the "Broker Warrants"). Each Broker Warrant will be exercisable to acquire one common share at a price of $1.25 for a period of two years after the satisfaction of the Escrow

Release Conditions. The Company also incurred share issue costs of $431,164 consisted of legal fees and filing fees.

On May 25, 2021, the Company issued 1,800,000 units of the Company pursuant to the acquisition of Crypto Pal. The fair value of the 1,800,000 units was determined to be $2,250,000. Each unit consists of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to acquire one common share at an exercise price of $2.00 for a period of two years from the date of issue.

During the three months ended May 31, 2021, the Company issued 366,150 common shares pursuant to exercise of stock options for total gross proceeds of $36,615. A value of $31,534 was transferred from contributed surplus to share capital as a result.

During the three months ended May 31, 2021, the Company issued 2,712,958 common shares pursuant to exercise of warrants for total gross proceeds of $628,877.

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 May 31, 2021, the Company held cash of $6,971,263 and had a working capital of $7,068,568. During the three months ended May 31, 2021, net cash provided by operating activities was $969,532. Net cash provided by financing activities consisted of repayments to related parties of $473,225, proceeds from issuance of shares of $6,311,336, proceeds from exercise of stock options of $36,615, proceeds from exercise of warrants of $628,877, proceeds from loan payable of $15,000 and lease payments of $11,265. The Company also purchased property and equipment of $13,295, incurred $69,053 of software development costs and paid cash of $1,756,499 for the acquisition of Crypto Pal as part of investing activities.

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 May 31, 2021, the Company had not yet achieved profitable operations and had an accumulated deficit of $23,182,576 since inception.

Historically the Company has financed its operations primarily through equity issuances and occasionally through loans from shareholders. In March 2020, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the

Company operates. The pandemic could result in delays in the course of business and continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. 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 May 31, 2021.

The Company has started generating revenues from its Live Streaming Service during the quarter ended May 31, 2019, but in order to generate higher revenues, management believes that the Company needs to reach a higher threshold level of users for its apps.

CAPITAL EXPENDITURES

The Company incurred software development costs of $69,053 (2020 - $90,030), purchases of property and equipment of $13,295 (2020 – $4,167) and paid cash of $1,756,499 for the acquisition of Crypto Pal which was recorded as an acquisition of Mining Assets during the three months ended May 31, 2021. 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. The Company incurred charges to directors and officers, or to companies associated with these individuals during the three months ended May 31, 2021 and 2021:

	2021	**2020**
	$	**$**
Management fees(1)	41,909	47,774
Salaries and benefits(2)	31,280	-
Share-based payment	1,362,189	-
	1,435,378	47,774

(1) The charges include management fees paid to Kean Li Wong, Interim CEO, and Gunther Roehlig, director and CFO.

(2) The charges include salaries and benefits paid to Zhou Gang and Chai Jun, directors of the Company.

Accounts payable and accrued liabilities at May 31, 2021 included $1,474 due to Gunther Roehlig, director and CFO. 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, Interim CEO, and the Directors. During the three months ended May 31, 2021 compensation paid to key management consisted of management fees of $26,909 (2020 – $17,774) paid/incurred to Kean Li Wong, $15,000 (2020 – $30,000) paid/incurred to Gunther Roehlig, salaries and benefits of $13,944 (2020 – $nil) paid to Zhou Gang, and salaries and benefits of $17,335 (2020 – $nil) paid to Chai Jun, and the stock based compensation of $1,362,189 (2020 - $nil).

During the year ended February 29, 2020, the Company received a total of $44,291 from Kean Li Wong, Interim CEO, and a company controlled by Kean Li Wong, which was non-interest bearing, due on demand, unsecured and had no maturity date. $7,678 of the loan was repaid in cash and the remaining balance of $36,613 was settled with shares at a price of $0.06 per share during the year ended February 28, 2021. During the year ended February 28, 2021, the Company received another $20,605 from Kean Li Wong, which was then settled with shares at a price of $0.06 per share for $74,861, resulting in a receivable of $54,256 due from Kean Li Wong. During the year ended

February 28, 2021, the Company received $6,806 from Kean Li Wong to pay down the receivable. During the three months ended May 31, 2021, the Company advanced $63,827 to Kean Li Wong and the balance outstanding as at May 31, 2021 is $111,277 due from Kean Li Wong included in the receivables balance (February 28, 2021 – $47,450).

On November 5, 2018, the Company entered into a loan agreement for $50,000, which was to mature on November 1, 2020 and had an interest rate of 6% per annum. The lender became a director of the Company on September 1, 2019, so the loan was reclassified from loan payable to due to related parties as at February 29, 2020. The principal plus accrued interest balance of $54,710 was settled in full with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the balance outstanding as at May 31, 2021 is $nil (February 28, 2021 – $nil).

During the year ended February 28, 2019, the Company received a non-interest bearing loan of $1,000 from a director of the Company. The loan was due on demand, unsecured and had no maturity date. The loan was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021. During the three months ended May 31, 2021, the Company received another non-interest bearing loan of $15,000 from the same director. The loan is due on demand, unsecured and has no maturity date. The loan balance outstanding as at May 31, 2021 is $15,000 (February 28, 2021 – $nil). As at May 31, 2021, a balance of $60,000 (February 28, 2021 - $45,000) was owing to this director who is also an officer of the Company representing the consulting fees accrued to him.

During the year ended February 28, 2019, the Company received advances totalling $228,572 from a shareholder of the Company. The proceeds were received in three different tranches of $6,000, HKD 740,000 and RMB 500,000. On June 1, 2019, the Company entered into a loan agreement with respect to these advances. The loan matured on June 1, 2020, is past due and has an interest rate of 6% per annum. During the years ended February 28, 2021 and February 29, 2020, the Company received additional advances of $166,708 and $548,696 respectively from the same shareholder, which are non-interest bearing, unsecured and due on demand. $343,640 of the loan was settled with shares at a price of $0.06 per share during the year ended February 28, 2021 and $476,215 of the loan was repaid in cash during the three months ended May 31, 2021. The balance outstanding of $80,480 plus accrued interest of $22,121 as at May 31, 2021 is $102,601 (February 28, 2021 – $578,816).

During the year ended February 28, 2019, the Company received $50,000 of proceeds from a shareholder of the Company in advance of a share issuance. $15,200 of the advance was settled with the Company's common shares at a price of $0.06 per share during the year ended February 28, 2021 and the remaining balance of $34,800 was repaid in full during the three months ended May 31, 2021. The balance outstanding as at May 31, 2021 is $nil (February 28, 2021 – $34,800).

During the year ended February 28, 2019, the Company also received 2 bitcoins from a shareholder which were awarded to the users as a marketing expense. The fair value of the bitcoin liability as at May 31, 2021 is $89,163 (February 28, 2021 – $114,401), with change in fair value from initial recognition recognized in statements of loss and comprehensive loss. The outstanding balance shall be repaid in the form of bitcoins or cash equivalent to the value of bitcoin on the day of repayment. The balance is due on demand and is non-interest bearing.

During the year ended February 29, 2020, the Company received additional non-interest bearing loans of $72,304 from two directors of the Company. The loans are due on demand, unsecured and have no maturity date. $57,630 of the loans was repaid in cash and $15,648 of the loans were settled with shares at a price of $0.06 per share during the year ended February 28, 2021. The balance outstanding as at May 31, 2021 is $686 (February 28, 2021 – $710).

On June 23, 2017, the Company entered into a promissory note agreement with a company owned by a shareholder for proceeds of $100,000, maturing on June 23, 2019. The promissory note was unsecured, bore an interest rate of 4% per annum calculated on the principal balance and on overdue interest, and was payable on the maturity date. The principal and interest balance of $111,756 was settled in full with shares at a price of $0.06 per share during the year ended February 28, 2021 and the balance outstanding as at May 31, 2021 is $nil (February 28, 2021 – $nil).

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

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 July 30, 2021:
165,174,123 common shares

c) Outstanding warrants and options:

Type of security	Number	Exercise Price	Expiry date
Share purchase warrants	1,696,166	$ 0.25	December 1, 2022
Share purchase warrants	2,500,000	$ 0.60	February 23, 2023
Share purchase warrants	4,205,999	$ 2.00	May 12, 2023
Share purchase warrants	652,053	$ 0.14	February 26, 2026
Stock options	138,000	$ 0.15	May 13, 2021
Stock options	34,500	$ 0.22	June 6, 2023
Stock options	6,591,500	$ 0.10	October 16, 2025
Stock options	3,661,850	$ 0.10	November 9, 2025
Stock options	3,000,000	$ 1.98	March 11, 2026

OUTLOOK

During the 2019 fiscal year the Company 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.

With the launch of the Livestreaming Service through the release of version 6.0 of the Hello Pal Platform, the Company has transformed the Hello Pal Platform into a livestreaming platform where users are now able to broadcast themselves live to other users, receive virtual gifts from viewers, and even redeem the gifts for cash. The Company will monitor user behavior patterns and gauge feedback as it prepares for the second phase full launch which will expand the Live Streaming Service worldwide, as well as add further features to enhance the livestreaming experience. The launch of the livestreaming service also marks the Company's first step in creating a steady revenue stream, with further efforts to monetize the userbase to come.

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 three months ended May 31, 2021 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 on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

An investment in the Company is speculative and involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risk factors set out below, in addition to the other information contained in this document, before making any decision to invest in the Company. The directors consider the following risks and other factors to be the most significant for potential investors in the Company, but the risks listed do not necessarily comprise all those associated with an investment in the Company and are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the directors may also have an adverse effect on the Company's business.

Limited History

The Company's limited operating history makes it difficult to evaluate its business and prospects and may increase the risks associated with your investment. Although the Company believes the Hello Pal Platform will generate revenues and experience revenue growth, it may not be able to reach the expected rate of growth. The Company has encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of its limited resources; achieving market acceptance of its existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining clients and advertisers and mobile advertising customers; and developing new solutions. There is no assurance that the Company will be successful in generating revenues and/or experiencing revenue growth.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful with development of its business. No assurances can be given that the Company will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, or may not be able to develop its business at all.

Content posted on Hello Pal Platform may be found objectionable by PRC regulatory authorities

The PRC government has adopted regulations governing internet and wireless access and the distribution of information over the internet and wireless telecommunications networks. Under these regulations, internet content providers and internet publishers are prohibited from posting or displaying over the internet or wireless networks content that, among other things, violates the principle of the PRC constitution, laws and regulations, impairs the national dignity of China or the public interest, or is obscene, superstitious, fraudulent or defamatory. Furthermore, internet content providers are also prohibited from displaying content that may be deemed by relevant government authorities as instigating ethnical hatred and harming ethnical unity, harming the national religious policy, "socially destabilizing" or leaking "state secrets" of the PRC. Failure to comply with these requirements may result in the revocation of licenses to provide internet content or other licenses, the closure of the concerned platforms and reputational harm. The operator may also be held liable for any censored information displayed on or linked to their platform.

The Company may also be subject to potential liability for any unlawful actions by its users on the Hello Pal Platform. It may be difficult to determine the type of content or actions that may result in liability to the Company and, if the Company is found to be liable, it may be prevented from operating our business in China. Even if the Company manages to identify and remove offensive content, it may still be held liable.

User misconduct and misuse of our platform

The Hello Pal Platform allows mobile users to freely contact and communicate with people nearby, and our live video service allows users to host and view live shows. Because the Company does not have full control over how and what users will use the platform to communicate, the platform may be misused by individuals or groups of individuals to engage in immoral, disrespectful, fraudulent or illegal activities. The Company has implemented control procedures to detect and block illegal or inappropriate content and illegal or fraudulent activities conducted through the misuse of the platform, but such procedures may not prevent all such content from being broadcasted or posted or activities from being carried out. Moreover, as the Company has limited control over real-time and offline behaviors of the Company's users, to the extent such behaviors are associated with the platform, the ability to protect our brand image and reputation may be limited. Our business and the public perception of our brand may be materially and adversely affected by misuse of our platform. In addition, if any of the Hello Pal Platform's users suffers or alleges to have suffered physical, financial or emotional harm following contact initiated on our platform, the Company may face civil lawsuits or other liabilities initiated by the affected user, or governmental or regulatory actions against it.

Limited Number of Products

The Company is reliant on the development, marketing and use of the Hello Pal Platform. If it does not achieve sufficient market acceptance, it will be difficult for the Company to achieve consistent profitability.

Obsolescence

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Company is unable to maintain a technological advantage, the Company's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

Competitive Factors

The industries the Company serves and compete in are highly competitive and competition is expected to continue in the future. Many of our competitors have longer operating histories and greater financial, technical and marketing resources, and such competitors could materially and adversely affect the Company's business, financial performance and financial condition.

Defective Software

The Company's software may contain undetected errors, defects or bugs. Although the Company has not suffered significant harm from any errors, defects or bugs to date, the Company may discover significant errors, defects or bugs in the future that it may not be able to correct or correct in a timely manner. It is possible that errors, defects or bugs will be found in the Company's software products and related services with the possible results of delays in, or loss of market acceptance of, the Company's products and services, diversion of its resources, injury to its reputation, increased service and warranty expenses and payment of damages.

Cyber Security

The Company will strive to meet industry information security standards relevant to its business. The Company will regularly perform vulnerability assessments, remediate vulnerabilities, review log/access, perform system maintenance, manage network perimeter protection and implement and manage disaster recovery testing.

A cyber-attack that breaches the Company's external perimeter may lead to a material disruption of its core business systems and/or lead to the loss or corruption of confidential business information that could result in an adverse business impact, as well as, possible damage to the Company's brand. This could also lead to a public disclosure or theft of private intellectual property and a possible loss of customer confidence.

If the Company's core business operations were to be breached, this could affect the confidentiality, integrity and availability of the Company's systems and data. While the Company continues to perform security due diligence, there is always the possibility of a significant breach effecting the confidentiality, integrity and availability of its systems and/or data.

Failure of Information Technology System

The Company's operations could suffer as a result of a failure of its information technology system. The Company's business will be dependent upon an information technology infrastructure to effectively manage and operate several key business functions, including order processing, customer service, installation and payments. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any such errors or inadequacies in the software that may be encountered could adversely affect operations, and such errors may be expensive or difficult to correct in a timely manner.

OTHER INFORMATION

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