

ENTHEOS CAPITAL CORP.
(Formerly Waterfront Capital Corporation)

Management's Discussion and Analysis

For the nine months ended September 30, 2020

**1500 – 409 Granville Street
Vancouver, BC
V6C 1T2**

DESCRIPTION OF BUSINESS AND OVERVIEW OF OPERATIONS AND FINANCIAL CONDITION

The following is management's discussion and analysis ("MD&A"), prepared as of November 16, 2020. This MD&A should be read in conjunction with the Company's unaudited Condensed Interim Financial Statements and the accompanying notes for the nine months ended September 30, 2020 and the Company's audited Financial Statements and the accompanying notes for the year ended December 31, 2019, all as prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are stated in Canadian dollars unless otherwise indicated.

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", "forecast", "budget", and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made, and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Description of Business

The Company provides business advisory services to public and non-public companies. The Company trades on the TSX Venture Exchange ("TSX-V") under the symbol ENTH. The Company is actively seeking opportunities to seek to graduate from the NEX.

In January 2020, the Company settled outstanding debts of \$90,183 by assigning a loan receivable of \$63,711 and recognized a gain of \$26,472. In February 2020, the Company welcomed a new Board of Directors consisting of Brayden Sutton, Chief Executive Officer, Joshua Taylor and Corey Larricq. Additionally, the Company appointed a new Chief Financial Officer, Samantha Shorter. This was followed by a ten-for-one share consolidation and financings as below.

In April 2020, the Company completed a private placement of 3,333,333 units at a price of \$0.075 per unit ("April Unit") for gross proceeds of \$250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.15 per share for a period of one year.

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In May 2020, the Company completed a private placement of 5,000,000 units at a price of \$0.15 per unit (“May Unit”) for gross proceeds of \$750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.30 per share for a period of one year. The private placement was originally intended to comprise 6,666,667 May Units to raise aggregate gross proceeds of \$1,000,000 but reduced to 5,000,000 May Units at the request of the TSX-V as the Company remains listed on NEX and is subject to a \$750,000 maximum.

PERFORMANCE SUMMARY

The following is a summary of the significant events and transactions that occurred during the nine months ended September 30, 2020 and for the subsequent period to the report date hereof:

- Effective April 1, 2020, the Company effected a share consolidation on the basis of ten (10) pre-consolidation common shares for one (1) post-consolidation share. The Company concurrently changed its name from Waterfront Capital Corporation to Entheos Capital Corp.
- On April 2020, the Company completed a private placement of 3,333,333 units at a price of \$0.075 per unit (“April Unit”) for gross proceeds of \$250,000. Each April Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.15 per share for a period of one year.
- On May 22, 2020, the Company completed a private placement at 5,000,000 units at a price of \$0.15 per unit (“May Unit”) for gross proceeds of \$750,000. Each May Unit consists of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to purchase a common share at a price of \$0.30 per share for a period of one year.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of quarterly results of the Company for the eight most recently completed financial quarters ended June 30, 2020:

	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Total assets	\$ 849,400	\$ 870,972	\$ 2,381	\$ 78,876
Working capital (deficit)	824,251	859,257	(83,266)	(51,845)
Shareholders’ equity (deficit)	824,251	859,257	(83,266)	(51,845)
Total Revenue	-	-	-	-
Operating expenses	35,006	45,977	58,404	89,892
Net loss and comprehensive loss	(35,006)	(45,977)	(31,421)	(88,760)
Basic loss per share	(0.00)	(0.00)	(0.01)	(0.02)
Diluted loss per share	(0.00)	(0.00)	(0.01)	(0.02)

	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
Total assets	\$ 114,944	\$ 129,584	\$ 202,042	\$ 264,728
Working capital (deficit)	36,915	101,934	177,483	240,652
Shareholders’ equity (deficit)	36,915	101,934	177,483	240,652
Total Revenue	-	-	-	-
Operating expenses	65,636	77,964	64,777	236,409
Net loss and comprehensive loss	(65,019)	(75,549)	(63,169)	(238,082)
Basic loss per share	(0.01)	(0.02)	(0.01)	(0.05)
Diluted loss per share	(0.01)	(0.02)	(0.01)	(0.05)

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Results of Operations

The following discussion addresses the operating results and financial condition of the Company for the period ended September 30, 2020, compared with the period ended September 30, 2019. The Management's Discussion and Analysis should be read in conjunction with the Company's financial statements and the accompanying notes for the nine months ended September 30, 2020.

For the three-month period ended September 30, 2020:

The Company had a net loss for the three-month period ended September 30, 2020 of \$35,006 (2019 - \$65,636). The net decrease of \$30,013 in the net loss for the three-month period ended compared to the three-month period ended September 30, 2019 was impacted by the differences below:

- Consulting fees of \$25,500 (2019 - \$26,500) include amounts paid to management and directors in the respective periods. The detailed recipients are provided below in Transactions with Related Parties.
- Office and miscellaneous of \$329 (2019 - \$1,726) decreased as the Company moved premises and reduced recurring expenditures.
- Professional fees of \$6,798 (2019 - \$20,112) decreased as the Company changed management and objectives for operations. In the prior period, the Company incurred additional legal costs with respect to prospective agreements.
- Regulatory and transfer agent fees of \$2,379 (2019 - \$5,877) decreased as the Company has reduced corporate activity.
- Rent of \$Nil (2019 - \$5,954) decreased as the Company left its former premises.
- Wages and benefits of \$Nil (2019 - \$5,467) decreased as the Company does not have any employees as of the end of fiscal 2019.

For the nine-month period ended September 30, 2020:

The Company had a net loss for the nine-month period ended September 30, 2020 of \$112,404 (2019 - \$203,737). The net decrease of \$91,333 in the net loss for the nine-month period ended compared to the nine-month period ended September 30, 2019 was impacted by the differences below:

- Consulting fees of \$79,500 (2019 - \$79,500) include amounts paid to management and directors in the respective periods. The detailed recipients are provided below in Transactions with Related Parties.
- Office and miscellaneous of \$1,933 (2019 - \$15,411) decreased as the Company moved premises and reduced recurring expenditures.
- Professional fees of \$33,673 (2019 - \$65,007) decreased as the Company changed management and objectives for operations. In the prior period, the Company incurred additional legal costs with respect to prospective agreements.
- Regulatory and transfer agent fees of \$22,296 (2019 - \$14,799) increased as the Company incurred costs with respect to the annual general meeting and share consolidation.
- Rent of \$1,985 (2019 - \$17,863) decreased as the Company left its former premises.
- Wages and benefits of \$Nil (2019 - \$15,797) decreased as the Company does not have any employees as of the end of fiscal 2019.

OFF BALANCE SHEET ARRANGEMENTS

The Company is not a party to any off-balance sheet arrangements or transactions.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions.

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LIQUIDITY AND CAPITAL RESOURCES

The Company has financed its operations to date primarily through the issuance of common shares, warrants and debenture financing. The Company continues to seek capital through various means including the issuance of equity and/or debt. The Company anticipates spending some of its capital resources on exploring new business opportunities during the upcoming year.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers: the stage and success of the Company's evaluation activities to date; the continued participation of the Company's investors in evaluation activities; and financial market conditions. Further financing may be required to cover the Company's long-term cash requirements. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

As at September 30, 2020, the Company had working capital of \$824,251 compared to a working capital deficiency of \$51,845 as at December 31, 2019. As at September 30, 2020, the Company had cash of \$843,016 compared to cash of \$1,220 as at December 31, 2019.

Net cash used in operating activities for the period ended September 30, 2020 was \$151,704 compared to \$144,521 for the same period in the prior year. The difference in cash used related largely to the timing of working capital items.

Net cash provided by investing activities for the period ended September 30, 2020 was \$5,000 (2019 – \$25,492) for principal repayments on the loan extended in 2018 and assigned for settlement of debts in the nine months ended September 30, 2020.

In the nine months ended September 30, 2020, the Company raised \$1,000,000 in private placement funds for which share issuance costs of \$11,500 were expended.

TRANSACTIONS WITH RELATED PARTIES

During the nine months ended September 30, 2020, the Company reimbursed Waterfront Communications Inc. (a company with certain former directors in common) on a cost basis, to cover shared administrative payroll costs, included in wages and benefits, in the amount of \$Nil (2019 - \$15,797) and shared expenses in the amount of \$Nil (2019 - \$10,270).

Included in accounts payable at September 30, 2020 is \$Nil (December 31, 2019 - \$60,172) due to companies controlled by directors, directors and former directors and/or companies with certain directors in common. Included in prepaid expenses at September 30, 2020 is \$1,500 (December 31, 2019 - \$Nil) with a company controlled by an officer.

During the period ended September 30, 2020, the Company recovered, paid or accrued the following amounts to directors, companies or limited partnerships controlled by directors, and/or companies with common directors:

Name of Company	Directors/Officers	September 30, 2020	September 30, 2019
Waterfront Capital Partners Inc. (formerly Criterion Capital Corporation) (consulting fees)	Douglas L. Mason (former CEO and director)	2,500	7,875
Sead Hamzagic, Inc. (consulting fees)	Sead Hamzagic (former CFO)	2,500	7,875
Joshua Taylor (director's fees)	Joshua Taylor	4,500	500
Corey Larricq (director's fees)	Corey Larricq	4,500	500
Sutton Ventures Ltd. (consulting fees)	Brayden Sutton	42,500	7,875

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Red Fern Consulting Ltd. (consulting fees)	Samantha Shorter, CFO	20,000	-
Beachfront Enterprises Limited Partnership (rent)	a limited partnership, the majority of which is owned by a director, namely, Douglas L. Mason (former CEO and director)	1,985	2,084
Waterfront Communication Inc	a company with certain directors in common, namely, Douglas L. Mason and Sead Hamzagic	-	1,470

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

CAPITAL MANAGEMENT

The Company manages its common shares and stock options as capital. The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk.

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 the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

The Company does not pay out dividends. The Company’s investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regard to the expected timing of expenditures from continuing operations.

To fund future operating activities the Company may need to raise funds through future share issuances, issue new debt or dispose of assets.

There have been no changes to the Company’s approach to capital management during the period ended June 30, 2020. The Company is not subject to externally imposed capital requirements.

The Company expects to raise sufficient capital to carry its corporate and administrative services and operations through its current operating year.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

FINANCIAL INSTRUMENTS

Fair value

The Company classifies its cash and investments as fair value through profit or loss; accounts receivable and loans receivable at amortized cost; and accounts payable and accrued liabilities at amortized cost.

The carrying values of accounts receivable, loan receivables, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, investments, accounts receivable, and loan receivable.

The Company's credit risk is primarily attributable to cash, investments and loans receivable. Management believes that the credit risk concentration with respect to cash and investments is remote as it maintains accounts with highly rated financial institutions.

Credit risk with respect to accounts receivable and loans receivable has been assessed as low from management, as the Company has strong working relationships with the parties involved and its loan receivable is secured against a general security agreement.

The Company's concentration of credit risk and maximum exposure thereto is as follows:

	September 30, 2020	December 31, 2019
Bank accounts	\$ 843,016	\$ 1,220
Investments	-	872
Accounts receivable	3,025	6,147
Loan receivable	-	68,388
	<u>\$ 846,041</u>	<u>\$ 76,627</u>

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. At September 30, 2020, the Company had accounts payable and accrued liabilities of \$25,149 (December 31, 2019 - \$130,721). Based on the current funds held as at September 30, 2020, the Company will need to rely upon financing from shareholders and/or debt holders to obtain sufficient working capital to proceed with a proposed acquisition. There is no assurance that such financing will be available on terms and conditions acceptable to the Company.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not currently exposed to any significant interest rate or foreign currency risk. The Company is exposed to other price risk with respect to its investments, as they are carried at fair values based on quoted market prices.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the impairment of assets, valuation of share-based payments and recognition of deferred tax amounts.

Critical accounting estimates:

Income taxes

Related assets and liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their tax base using substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences and, accordingly, affect the amount of the deferred tax asset or liability calculated at a point in time.

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected in the financial statements.

Outstanding Share Data as of November 16, 2020:

a) Authorized Share Capital:
unlimited number of common shares without par value
unlimited number of preferred shares without par value

b) Issued and Outstanding Shares:
12,801,816 common shares

c) Outstanding incentive stock options:

Number of Options	Exercise Price	Expiry Date
85,000	\$ 1.00	October 13, 2022

d) Outstanding warrants:

Number of Options	Exercise Price	Expiry Date
1,666,666	\$ 0.15	April 13, 2021
<u>2,500,000</u>	0.30	May 22, 2021
4,166,666		

OFFICERS AND DIRECTORS

Brayden Sutton, CEO and Director
Samantha Shorter, CFO
Corey Larricq, Director
Joshua Taylor, Director