

**AI/ML INNOVATIONS INC. (FORMERLY AIML  
RESOURCES INC. FORMERLY FIREBIRD  
RESOURCES INC.)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**QUARTERLY HIGHLIGHTS**

**FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31,  
2020**

## **Introduction**

The following Management's Discussion and Analysis ("MD&A") of AI/ML Innovations Inc. (formerly AIML Resources Inc. formerly Firebird Resources Inc.) (the "Company" or "AI/ML") has been prepared to provide updates to the business, operations, liquidity and capital resources of the Company since its last annual management's discussion & analysis, being the Management's Discussion & Analysis for the fiscal year ended April 30, 2020 ("Annual MD&A"). Additional information relating to AI/ML is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

This MD&A has been prepared in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Annual MD&A, the audited annual consolidated financial statements of the Company for the years ended April 30, 2020 and April 30, 2019 and the unaudited condensed consolidated interim financial statements for the three and six ended October 31, 2020, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six months ended October 31, 2020 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at October 5, 2020 unless otherwise indicated.

The unaudited condensed consolidated interim financial statements for the three and six months ended October 31, 2020, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of AIML's common shares (the "Common Shares"); or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

## **Caution Regarding Forward-Looking Statements**

This MD&A contains certain forward-looking information as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "budgets", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or

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be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

## **Description of Business**

Firebird Resources Inc. was incorporated under the Canada Business Corporations Act and was continued under the Business Corporations Act (British Columbia) on November 4, 2009. In February 2020, the Company's name was changed to AIML Resources Inc. and in November 2020 the name was changed to AI/ML Innovations Inc.

On August 16, 2020, the Company entered into a share purchase agreement with Salu Design Group Inc. ("Salu"), which is a private technology company based in Edmonton, Alberta. The holds the rights to intellectual property in the area of wearable technologies, and the application and methods associated with the applied AI/ML (artificial intelligence/machine learning) software using accelerometers, ECG (electrocardiogram), PPG (photoplethysmogram – used to measure blood volume changes in tissue), and other forms of physiological sensors to measure heart rate, heart rate variability, pulse oximetry, pulse wave velocity, pulse transit time, blood pressure, and activity. Health Gauge's intellectual property also includes proprietary methods and IP relating to behavioural tagging for the purposes of psychometric analysis.

On December 30, 2020, the Company filed a listing application for Canadian Securities Exchange (CSE)

The Company was an exploration stage company that was in the process of exploring its mineral properties located in Canada and the United States of America and has not yet determined whether these properties contain reserves that are economically recoverable.

The Company's registered office is located at Suite 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC, V6C 3L2. The Company's head office and mailing address is 82 Richmond Street East, Toronto, Ontario, M5C 1P1.

## **Overall Performance and Outlook**

The Company has no revenues, so its ability to ensure continuing operations is dependent on it completing the acquisition of its mineral property interests, its ability to obtain necessary financing to complete exploration activities thereon, and ultimately, development of and future profitable production from its mineral property interests.

At October 31, 2020, the Company had total current assets of \$216,201 (April 30, 2020 - \$319,867), including cash of \$133,391 (April 30, 2020 - \$137,750), marketable securities of \$71,667 (April 30, 2020 - \$39,417), amounts receivable of \$4,943 (April 30, 2020 - \$1,941) and prepaid expenses of \$6,200 (April 30, 2020 - \$nil). In addition to the Company's current assets, it also had \$168,415 of mineral property assets (April 30, 2020 - \$140,759).

At October 31, 2020, the Company had total liabilities of \$2,145,732 (April 30, 2020 - \$2,141,403), which is comprised of accounts payable and accrued liabilities of \$978,912 (April 30, 2020 - \$938,583), notes

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payable of \$422,000 (April 30, 2020 - \$422,000), and amounts due to related parties of \$744,820 (April 30, 2020 - \$780,820).

## **Exploration and Projects**

### **Buzzard Property, South Carolina**

Pursuant to a mineral lease agreement dated September 1, 2008, the Company was granted an exclusive lease of all mineral exploration rights relating to approximately sixty-eight acres located in South Carolina. In order to keep the lease agreement granted to the Company in good standing, the Company is obligated to:

- pay US\$3,000 per year for each of the third and fourth years of the lease (paid);
- pay US\$4,000 per year for each of the fifth, sixth, and seventh years of the lease (paid);
- pay US\$5,000 per year for each of the eighth and ninth years of the lease (paid);
- upon the earlier of commercial production or the tenth year of the lease, a minimum annual advanced royalty of US\$15,000 per year (paid); and
- production royalty of 3.5% of the gross returns on any mining production.

## **Trends**

Although there can be no assurance that additional funding will be available to the Company, management is of the opinion that the gold price will be favourable and hence, it may be possible to obtain additional funding for its projects. However, the Company remains cautious in case the economic factors that impact the mining industry deteriorate.

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

Apart from these and the risk factors noted under the heading “Risks and Uncertainties”, the Company is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## **Proposed Transactions**

On August 16, 2020, the Company entered into a share purchase agreement with Salu Design Group Inc. (“Salu”), which is a private technology company based in Edmonton, Alberta. Pursuant to the agreement,

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the Company, subject to the terms and conditions, has agreed to purchase 19,254,619 common shares of Salu (approximately 70% of the issued and outstanding common shares of Salu) in exchange for the issuance of 3,000,000 common shares of the Company and 7,000,000 share purchase warrants of the Company, which is subject to Salu achieving specific revenue targets over a specified period of time. In addition, the Company has the option to acquire the remaining 30% equity interest of Salu in exchange for common shares of the Company and additional performance warrants, which will be determined at the time the Company exercises the option to purchase. The agreement is subject to specific conditions prior to closing, including but not limited to approval from TSX-V, audited financial statements of Salu to be presented to the Company for review, and the commitment from the Company to have a minimum of \$420,000 of capital to finance the operations of Salu.

The Company is completing an offering to be comprised of up to 4,000,000 units at \$0.25 per Unit for gross proceeds of up to \$1,000,000. Each Unit will be comprised of one common share and a half warrant. Each two (2) warrants will be exercisable into one (1) common share of the Issuer at a price of \$0.50 per two warrants over the exercise period of 1 year following the Closing, subject to an Accelerated Exercise provision.

### **Environmental Contingency**

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of April 30, 2020, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

### **Financial Highlights**

#### **Financial Performance**

For the three months ended October 31, 2020, compared to the three months ended October 31, 2019.

AIML's net loss totaled \$58,874 for the three months ended October 31, 2020, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$16,743 for the three months ended October 31, 2019, with basic and diluted loss per share of \$0.00. The increase in the net loss was principally because:

- For the three months ended October 31, 2020, unrealized gain on marketable securities decreased to \$7,167, compare to a gain of \$17,916 for the three months ended October 31, 2019.
- For the three months ended October 31, 2020, the Company recorded a foreign exchange loss of \$2,705, compare to a loss of \$642 for the three months ended October 31, 2019.
- For the three months ended October 31, 2020, the Company recorded general and administrative expenses of \$13,670, compare to \$5,164 for the three months ended October 31, 2019. The increase is primarily due to an increase in public company expenses.

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For the six months ended October 31, 2020, compared to the six months ended October 31, 2019.

AIML's net loss totaled \$82,730 for the six months ended October 31, 2020, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$78,060 for the six months ended October 31, 2019, with basic and diluted loss per share of \$0.01. The increase in the net loss was principally because:

- For the six months ended October 31, 2020, the Company recorded general and administrative expenses of \$25,900, compare to \$8,299 for the six months ended October 31, 2019. The increase is primarily due to an increase in public company expenses.
- For the six months ended October 31, 2020, the Company recorded professional fees of \$29,082, compare to \$5,015 for the six months ended October 31, 2019. The increase is primarily due to an increase in legal related expenses.

This was offset by:

- For the six months ended October 31, 2020, unrealized gain on marketable securities increased to \$32,250, compare to a gain of \$7,166 for the six months ended October 31, 2019.
- For the six months ended October 31, 2020, the Company recorded a foreign exchange loss of \$4,198, compare to a loss of \$17,468 for the six months ended October 31, 2019.

### **Cash Flow**

The Company had cash and cash equivalents of \$133,391 (April 30, 2020 - \$137,750). The decrease in cash and cash equivalents during the six months ended October 31, 2020 was primarily due to cash used in operating activities of \$119,853.

Cash and cash equivalents used in operating activities was \$119,853 for the six months ended October 31, 2020. Operating activities were affected by a net loss of \$82,730 and adjustment of \$32,250 for unrealized gain on marketable security. Changes in non-cash working capital balances are due to increases in amounts receivable of \$3,002; and accounts payable and accrued liabilities of \$40,329; and a decrease in in amounts due to related party of \$36,000. For the six months ended October 31, 2019, cash and cash equivalents provided by operating activities was \$2,041 and the operating activities were affected by the net increase in non-cash working capital balances because of increase in accounts payable and accrued liabilities of \$37,397; an increase of \$47,000 in due to related party; and partial offset by a decrease in amounts receivable and other assets of \$1,212.

Cash used in investing activities for the six months ended October 31, 2020 was \$27,656 due to expenditures on the Buzzard property. For the for the six months ended October 31, 2019, cash used in investing activities was \$27,802.

Cash provided by financing activities for the six months ended October 31, 2020 was \$143,150 due to exercise of warrants and cash received for shares to be issued under the proposed placement.

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### **Liquidity and Capital Resources**

The Company has no operating revenues and therefore must utilize its funds obtained from equity financing and other financing transactions to maintain its capacity to meet ongoing exploration and operating activities. The cash resources of AIML are held with major Canadian financial institution.

The Company's uses of cash at present occur, and in the future are expected to occur, principally in two areas, namely, funding of its general and administrative expenditures and its exploration activities.

At October 31, 2020, the Company had a working capital deficiency of \$1,929,531 (April 30, 2020 – working capital deficiency \$1,962,295). The Company is completing an offering to be comprised of up to 4,000,000 units at \$0.25 per Unit for gross proceeds of up to \$1,000,000 (see "Proposed transaction" above).

Currently, the Company's operating expenses are approximately \$10,000 to \$12,500 per month for management fees, month-to-month professional fees and other working capital related expenses.

### Notes Payable

- (a) On December 10, 2009, the Company completed a convertible debenture financing for proceeds of \$255,000. The convertible debenture is unsecured, bears interest at 10% per annum, and matured on December 11, 2014. The debenture is convertible into common shares of the Company at \$0.10 per common share at the option of the holder for the duration of the term. The convertible feature expired on December 11, 2014 and convertible debenture was reallocated to notes payable. In addition, the debenture holder was issued 2,550,000 detachable common share purchase warrants exercisable at \$0.10 per share for a period of five years. In connection with this financing, the Company issued 255,000 units with a fair value of \$16,575 as finder's fees. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.10 per share for a period of five years. The warrants expired on December 31, 2014.

The Company split the proceeds of the convertible debenture between debt and equity, based on the relative fair values of the debt, conversion option, and warrants. The amount attributable to the debt was \$23,908 and the amount attributable to the conversion option and warrants was \$231,092. This amount represented a deemed discount on the debt issuance, which is being accreted in the statement of operations using the effective interest rate method over the five year term of the debt. As at October 31, 2020 and 2019, the carrying value of the note payable is \$255,000 and has recorded interest payable of \$238,228 (April 30, 2020 - \$225,374).

- (b) As at October 31, 2020, the Company owed \$167,000 (April 30, 2020 - \$167,000) to an unrelated company, which is unsecured, bears interest at 10% per annum, and due on demand.

### **Changes in Accounting Policies**

The Company has adopted the following amendment to accounting standards, effective May 1, 2019. This change was made in accordance with the applicable transitional provision.



IFRS 3, Business Combinations ("IFRS 3")

Amendments to IFRS 3, issued in October 2018, provide clarification on the definition of a business. The Amendments permit a simplified assessment to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments are effective for transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 1, Presentation of Financial Statements ("IAS 1")

Amendments to IAS 1, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")

Amendments to IAS 8, issued in October 2018, provide clarification on the definition of material and how it should be applied. The amendments also align the definition of material across IFRS and other publications. The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. The adoption of the amendments had no impact on the Company's unaudited condensed interim consolidated financial statements.

## **Recent Accounting Pronouncements**

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

## **Related Party Transactions**

Related parties include the Board of Directors and officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the amount agreed to by the related parties.

(a) During the current reporting period the Company entered into the following transactions with related parties:

- During the three and six months ended October 31, 2020, the Company incurred management fees of \$18,000 and \$36,000, respectively, (three and six months ended October 31, 2019 - \$18,000 and \$36,000, respectively), and rent of \$1,500 and \$3,000, respectively, (three and six months ended October 31, 2019 - \$1,500 and \$3,000, respectively), to a company controlled by the Chief Executive Officer of the Company.



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- For the three and six months ended October 31, 2020, the Company expensed \$4,044 and \$5,312, respectively (three and six months ended October 31, 2019 - \$3,282 and \$4,674, respectively) to Marrelli Support for the services of Vic Hugo to act as Chief Financial Officer of the Company. In addition, Marrelli Support also provides bookkeeping services to the Company. Vic Hugo is an employee of Marrelli Support. As at October 31, 2020, Marrelli Support was owed \$1,516 (April 30, 2020 - \$455) and this amount was included in accounts payable and accrued liabilities.

(b) Related party balances

As at October 31, 2020, the Company owed \$734,650 (2019 - \$770,650 ) to a company controlled by the Chief Executive Officer of the Company for management fees and expenses. The amount owing is unsecured, non-interest bearing, and due on demand.

(c) Insider shareholdings

None of the Company's major shareholders have different voting rights than other holders of the Common Shares.

### **Disclosure of Internal Controls**

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Company's unaudited interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the unaudited interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), this MD&A does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers of the Company are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this MD&A. Investors should

be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **Risks and Uncertainties**

The Company is in the business of exploring mineral properties, which is a highly speculative endeavor that involves a high degree of risk. The Company's financial condition, results of operations and business are subject to numerous risks. For a complete discussion of such risks, please refer to the section entitled "Risks and Uncertainties" in the Annual MD&A.

### **Subsequent Events**

Subsequent to the period ended October 31, 2020, the Company listed on the CSE. See filing document dated December 30, 2020.