



**AFFINOR GROWERS INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED AUGUST 31, 2019**

**INTRODUCTION**

This is Management's Discussion and Analysis ("MD&A") for Affinor Growers Inc. ("Affinor" or the "Company") and has been prepared based on information known to management as of October 29, 2019. This MD&A is intended to help the reader understand the condensed consolidated interim financial statements of Affinor.

This MD&A is dated October 29, 2019 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed consolidated interim financial statements and the related notes for the three months ended August 31, 2019 and the Company's audited consolidated financial statements for the year ended May 31, 2019 and the related notes thereto.

Additional information relating to the Company can be found on SEDAR [www.sedar.com](http://www.sedar.com).

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable.

The Company's board of directors follows recommended corporate-governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management regularly to review the consolidated financial statements, including the MD&A, and to discuss other financial, operating and internal-control matters.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

**FORWARD LOOKING STATEMENTS**

Certain sections of this MD&A provide, or may appear to provide, a forward-looking orientation with respect to the Company's activities and its future financial results. Consequently, certain statements contained in this MD&A constitute express or implied forward-looking statements. Terms including, but not limited to, "anticipate", "estimate", "believe" and "expect" may identify forward-looking statements. Forward-looking statements, while they are based on the current knowledge and assumptions of the Company's management, are subject to risks and uncertainties that could cause or contribute to the actual results being materially different than those expressed or implied. Readers are cautioned not to place undue reliance on any forward-looking statement that may be in this MD&A.



The following forward-looking statements have been made in this MD&A:

- The potential and uncertainties of the Company's sales; and
- Expectations regarding the ability to raise capital and to continue its development of the vertical farming technology.

### **ADDITIONAL INFORMATION**

Financial statements, MD&A's and additional information relevant to the Company and the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com), and/or on the Company's website at [www.affinorgrowers.com](http://www.affinorgrowers.com).

### **SUMMARY AND OUTLOOK**

It is the mission of Affinor to be the world-wide technology and market leader in acquiring and commercializing innovative vertical farming technologies that use the least possible resources (eg. land, water, and energy resources) to produce high quality, sustainable products.

Affinor's patented technologies position the Company well in the vertical farming industry. It is one of the only vertically integrated growing system that can offer automated mechanical pollination for fruiting crops and true vertical solutions for the vertical farming industry. Revenue models for the Company include one-time licensing fees, royalties on production, and margin on the sale of the Company's patented technology.

The Company's focus for 2020 will be on working with our strategic partners to commercialize the vertical farming towers as well as the new Hydro tower. The Company's goal is to become the leading technology developer and distributor of vertical farming equipment in order to help solve food security problems by using our proprietary growing systems.



## **1. Background**

The Company was incorporated under the Canadian Business Corporations Act on August 27, 1996. The Company is a diversified publicly traded company on the Canadian Securities Exchange under the symbol "AFI" and is also listed on the Frankfurt Stock Exchange under the symbol "1AF" as well as on the US OTCQB under the symbol "RSSFF".

The Company began as Affinor Resources Inc., a company with mining projects in Québec, Canada. The Company recognized a great opportunity when it discovered a team that was developing a system and technology to help solve problematic crops sustainably.

## **2. Highlights Summary**

The following is a brief description of the activities incurred by the Company during this current fiscal period and to date. Additional information can be obtained from the Company's website ([www.affinorgrowers.com](http://www.affinorgrowers.com)).

During the three months ended August 31, 2019, the Company's focus was on continuing its development of its technology and developing its strategic partnerships. The Company continued its discussions with Cobotix Manufacturing about moving forward with the acquisition of its manufacturing assets while also spending a significant amount of time working on moving the cannabis LED lights forward.

As of the date of this MD&A, the cannabis LED lights have been completed and the Company is working to find a licensed producer to work to complete a grow trial using the lights.

## **3. Risks and Uncertainties**

The Company is subject to a number of risks and uncertainty associated with the successful development of its vertical growing technology to help grow crop products, such as romaine lettuce and strawberries, and with the financing requirements of its operations. The attainment of profitable operations is dependent upon future events, including the successful completion of technology crop feasibility studies, energy saving strategies and crop modeling. Commercialization of its products and technology is dependent on obtaining adequate financing to complete its commercialization plans.

The Company's success depends on a number of factors, many of which are beyond its control. The primary risk factors affecting the Company include inherent risks in the agricultural industry, produce price fluctuations and currencies.

### *Inherent risks within the agricultural industry*

The commercial viability of an agricultural facility depends on many factors, not all of which are within the control of management. Some of the factors that will affect the financial viability of a given produce include global demand and global supply. Other factors such as government subsidies, regulation and taxes could also have an impact on the economic viability of an agricultural facility.



There is no assurance at this time that the Company's agricultural facility or development will be economically viable.

*Prices for produce*

Produce prices are subject to price fluctuations and have a direct impact on the commercial viability of the Company's vertical growing technology. Price volatility results from a variety of factors, including global consumption and demand, international economic and political trends, fluctuations in the US dollar and other currencies, interest rates, and inflation. The Company has not hedged any of its potential future sales.

*Foreign currency risks*

The Company uses the Canadian dollar as its measurement and reporting currency, and therefore fluctuations in exchange rates between the Canadian dollar and other currencies may affect the results of operations and financial position of the Company. The Company does not currently have any foreign currency or commercial risk hedges in place.

The Company raises the majority of its equity financings in Canadian dollars while some of its operations are conducted in US dollars. Fluctuations in the exchange rates between the Canadian dollar and US dollar may impact the Company's financial condition.

**4. Impairment of Intangible Assets**

The Company completed an impairment analysis as at August 31, 2019 and concluded that there were no indicators of impairment of the Company's intangible assets.

**5. Material Financial and Operations Information**

**5(a) Selected Annual Financial Information**

**Selected Annual Information**

	<b>Year Ended May 31, 2019</b>	<b>Year Ended May 31, 2018</b>	<b>Year Ended May 31, 2017</b>
Total revenues	\$ 3,000	\$ -	\$ -
Loss before other items	(913,437)	(4,707,481)	(1,917,140)
Loss on investments	-	-	(31,551)
Impairment of property and equipment, receivables, desposits and loans	(1,490,407)	-	-
Loss for the year	(2,403,844)	(4,699,488)	(1,717,118)
Loss per share	(0.02)	(0.04)	(0.01)
Total assets	1,185,263	3,334,322	2,776,894
Total long-term financial liabilities	-	-	-
Cash dividends declared – per share	N/A	N/A	N/A



## **5(b) Summary of Quarterly Results**

The following is a summary of the Company's financial results for the last eight quarters:

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## **5(c) Review of Operations and Financial Results**

For three months ended August 31, 2019 and three months ended August 31, 2018

During the three months ended August 31, 2019, the Company reported a loss of \$141,630 (\$0.00 loss per share) (2018 – \$306,422 (\$0.00 loss per share)).

During the three months ended May 31, 2019, the Company reported gross revenues of \$53,550 from the sale of 16 vertical farming towers as compared with \$Nil for the same period in the prior year. The Company recorded cost of goods sold of \$41,088 (2018 - \$Nil).

The Company's general and administrative expenses amounted to \$156,314 during the three months ended August 31, 2019 (2018 – \$319,438), a decrease of \$163,124. The main reasons for the decrease was the significant decrease in share-based compensation from \$62,260 during the three months ended August 31, 2018 as compared with \$Nil during the same period in 2019. In addition, the Company did not expend significant funds on international projects as a result, the travel costs decreased significantly from \$69,981 during the three months ended August 31, 2018 as compared with \$6,136 during the same period in 2019. Finally, the Company was also less active during the three months ended August 31, 2019 as compared with the same period in 2018 resulting in a decrease in professional fees from \$57,192 to \$8,243.

## **5(d) Liquidity and Capital Resources**

The Company continued to utilize its cash resources to fund its administrative requirements and product development. As the Company does not currently generate revenue, cash balances, unless replenished by capital fundraising, will continue to decline as funds are utilized to conduct its operations.

In order to fund the Company's ongoing operational needs, the Company will need funding through equity or debt financing, joint venture arrangements or a combination thereof. The Company's operations to date have been financed by the issuance of its common shares, share options and warrants, debt instruments and government assistance. The Company continues to seek capital through various means including the issuance of equity and debt. While the Company has been successful in raising funds in the past, there is no assurance that it will continue to do so in the future or that it will be available on a timely basis or on terms acceptable to the Company.

The Company's business plan is dependent on raising additional funds to finance its commercial trial and development and its operations within and beyond the next 12 months. While the Company has managed to fund its operations in the past through equity financing, raising additional funds is dependent on a number of factors outside the Company's control, and



as such there is no guarantee that it will be able to obtain additional financing in the future. If the Company is unable to obtain sufficient additional financing, it may have to delay, scale back or eliminate its development plans for its present or future facilities and curtail operations, which could harm the business, financial condition and results of operations. This could occur in the near term. Until such financing is secured and profitable operations are reached, there is a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The condensed consolidated interim financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern assumption was not appropriate for these condensed consolidated interim financial statements, then adjustments, which could be material, would be necessary to the carrying value of assets and liabilities, revenues and expenses and classification in statement of financial position.



### 6(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at August 31, 2019, the Company's share capital was \$25,315,866 (May 31, 2019 - \$25,315,866) representing 152,908,108 common shares (May 31, 2019 – 152,908,108 common shares).

Share option transactions and the number of share options for the period ended August 31, 2019 are summarized as follows:

Expiry date	Exercise price	May 31, 2019	Granted	Exercised	Expired/ cancelled	August 31, 2019
June 2, 2019	\$ 0.85	100,000	-	-	(100,000)	-
June 5, 2019	\$ 1.03	100,000	-	-	(100,000)	-
June 8, 2019	\$ 0.10	200,000	-	-	(200,000)	-
June 27, 2019	\$ 0.67	200,000	-	-	(200,000)	-
August 11, 2019	\$ 0.47	300,000	-	-	(300,000)	-
October 18, 2019	\$ 0.165	800,000	-	-	-	800,000
October 25, 2019	\$ 0.17	700,000	-	-	-	700,000
October 28, 2019	\$ 0.25	200,000	-	-	-	200,000
November 3, 2019	\$ 0.135	100,000	-	-	-	100,000
November 17, 2019	\$ 0.16	500,000	-	-	-	500,000
November 22, 2019	\$ 0.15	1,250,000	-	-	-	1,250,000
December 20, 2020	\$ 0.155	500,000	-	-	-	500,000
January 16, 2021	\$ 0.19	900,000	-	-	-	900,000
April 5, 2021	\$ 0.115	2,000,000	-	-	-	2,000,000
May 18, 2021	\$ 0.11	500,000	-	-	-	500,000
July 16, 2021	\$ 0.10	-	100,000	-	-	100,000
August 24, 2021	\$ 0.115	-	600,000	-	-	600,000
September 27, 2021	\$ 0.10	-	1,000,000	-	-	1,000,000
Options outstanding		8,350,000	1,700,000	-	(900,000)	9,150,000
Options exercisable		8,350,000	1,700,000	-	(900,000)	9,150,000
Weighted average exercise price		\$0.20	\$0.11	\$Nil	\$ 0.28	\$0.14



The continuity of warrants for the year ended August 31, 2019 is as follows:

Expiry date	Exercise price	May 31, 2018	Issued	Exercised	Expired	May 31, 2019
September 11, 2018	\$0.15	14,300,000	-	-	(14,300,000)	-
April 4, 2019	\$0.40	635,000	-	-	(635,000)	-
April 7, 2019	\$0.40	3,045,636	-	-	(3,045,636)	-
April 11, 2019	\$0.40	1,080,000	-	-	(1,080,000)	-
April 14, 2019	\$0.40	564,000	-	-	(564,000)	-
April 16, 2019	\$0.40	178,000	-	-	(178,000)	-
April 22, 2019	\$0.40	360,000	-	-	(360,000)	-
April 23, 2019	\$0.40	1,620,000	-	-	(1,620,000)	-
August 17, 2020	\$0.10	2,000,000	-	-	-	2,000,000
March 8, 2020	\$0.25	24,997,916	-	-	-	24,997,916
April 17, 2020	** \$0.20	3,203,631	-	-	-	3,203,631
Outstanding		51,984,183	-	-	(21,782,636)	30,201,547
Weighted average exercise price		\$0.24	\$Nil	\$Nil	\$0.24	\$0.23

\*\* These warrants have a forced exercise price. If the closing price of the Company's shares are \$0.40 or greater for a period of 20 consecutive trading days, the warrant holder will have 30 days to exercise their warrants; otherwise the warrants expire on the 31<sup>st</sup> day.

The continuity of broker's warrants for the year ended August 31, 2019 is as follows:

Expiry date	Exercise price	May 31, 2019	Issued	Exercised	Expired	August 31, 2019
April 17, 2020	\$0.20	70,747	-	-	-	70,747
Outstanding		70,747	-	-	-	70,747
Weighted average exercise price		\$0.20	\$Nil	\$Nil	\$Nil	\$0.20

#### 5(f) Off-Balance Sheet Arrangements

None.

#### 5(g) Transactions with Related Parties

Related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

The Company's related parties include directors, key management and companies controlled by directors and key management, as described below.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:



	Three Months Ended	
	August 31, 2019	August 31, 2018
Consulting fees	\$ 30,000	\$ 30,000
Managemet fees	15,000	30,000
Professional fees	-	22,500
Wages and employee benefits	37,500	16,048
Share-based payments	-	54,780
<b>Total</b>	<b>\$ 82,500</b>	<b>\$ 153,328</b>

	Services	Transactions for the three months ended		Balance due	
		August 31, 2019	August 31, 2018	As at August 31, 2019	As at August 31, 2018
Aboriginal Import Export <sup>(a)</sup>	Consulting and management fees	\$ 30,000	\$ 30,000	\$ 40,000	\$ -
Randy Minhas, Chief Financial Officer <sup>(b)</sup>	Salaries and share-based payment	\$ 37,500	\$ 16,048	\$ -	\$ -
Softail Enterprises Inc. <sup>(c)</sup>	Consulting fees	\$ 15,000	\$ 15,000	\$ 79,304	\$ -
Pacific Opportunity Capital Ltd. <sup>(d)</sup>	Professional fees - accounting services	\$ -	\$ 22,500	\$ -	\$ -

- (a) Nicholas Brusatore was appointed as the Chief Executive Officer effective January 29, 2018 and was compensated via payment to Aboriginal Import Export, a company controlled by Mr. Brusatore. Mr. Brusatore resigned as Chief Executive Officer effective September 28, 2018. Mr. Brusatore remained on as a consultant until September 28, 2019.
- (b) Randy Minhas was appointed as the Chief Financial Officer effective May 2, 2018 and named Chief Executive Officer on September 28, 2018.
- (c) Softail Enterprises Inc. is controlled by a director of the Company. The balance owing as of August 31, 2019 includes management fees and reimbursable expenses incurred by the director.
- (d) Mark T. Brown was appointed as the Chief Financial Officer effective October 1, 2015 and resigned on March 8, 2018. Mr. Brown is the president of Pacific Opportunity Capital Ltd., a private company.

## (ii) Due from related parties

On August 9, 2018, the Company advanced US\$75,000 to VDL Colombia S.A.S., a company in which a director of the Company had an ownership interest. This advance is secured by a promissory note, the assets of the company, of which there are currently none, and the shares of the company pledged by shareholders of the company, bears interest at 15% per annum payable monthly commencing on August 31, 2018 and matured on August 31, 2018. Prior to May 31, 2019, the director divested his interest in VDL Colombia S.A.S.

As at August 31, 2019, there is US\$46,143 outstanding. The loan is due on demand.

	As at	
	August 31, 2019	May 31, 2019
Balance, beginning of period	\$ 30,144	\$ -
August 9, 2018, inception of the loan	-	99,233
Interest accrued	2,222	8,948
Repayments	-	(50,000)
Provision for credit loss	-	(30,000)
Foreign exchange	(1,019)	1,963
<b>Total</b>	<b>\$ 31,347</b>	<b>\$ 30,144</b>

## 5(h) Financial Instruments

The fair values of the Company's cash, receivables (excluding GST/sales tax), due from related parties, and accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

The Company's financial instruments are exposed to certain financial risks, including market risk, liquidity risk, credit risk and currency risk.

### (i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, such as foreign exchange rates and interest rates. The objectives of the Company are to ensure cash inflows in the short and medium term, while reducing exposure to capital markets. The Company does not trade in financial assets for speculative purposes.

### (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Company manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its obligations.

As at August 31, 2019 and May 31, 2019, all of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

As at August 31, 2019, the Company has financial assets of \$44,154 to cover financial liabilities of \$270,740. The ability of the Company to continue its activities relies upon the support of its suppliers and obtaining additional financing.

### (ii) Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. The Company is exposed to credit risk on cash, receivables (excluding GST/sales taxes), deposits and due from related parties. Cash



is held with a Canadian chartered bank and management considers this risk to be negligible. The amounts due from a related parties are unsecured.

The Company manages and controls credit risk by requiring deposits or prepayments on sales of vertical farming technology. As it relates to transactions with related parties, the Company adopted a new policy in fiscal 2019 that no funds would be advanced to related parties.

(iii) Currency risk

The Company is exposed to currency risk arising from exchange rate fluctuations against its reporting Canadian currency. Currency transaction risk is the impact of exchange rate fluctuations on the Company's consolidated statement of comprehensive loss, which is the effect of currency rates on expected future cash flows and investments.

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## **5(i) Management of Capital Risk**

The Company manages its cash and cash equivalents and shareholders' equity as capital (in the comparative year the Company managed shareholders' equity as capital). The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. This objective will be achieved by identifying the right agriculture projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

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, acquire or dispose of assets or adjust the amount of cash and cash equivalents held.

In order to maximize ongoing operating efforts, 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 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.



When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its activities or may slow its activities until conditions improve. The Company is not subject to external capital requirements. There were no changes in the Company's approach to capital management during the period.

## **6. Subsequent Events**

The Company was served with a notice of civil claim (the "Claim") filed on July 11, 2019 with the Supreme Court of British Columbia by Michael Tietz and Duane Lowen under the Class Proceedings Act, RSBC 1996, c 50, naming the Company as a defendant along with 86 additional defendants. The Claim relates to allegations of conspiracy, secondary market misrepresentations and fraudulent/negligent misrepresentations arising out of certain agreements entered into with consultants of the Company. See Notes 11 and 16.

On September 23, 2019, the Company entered into a non-brokered financing of an unsecured convertible debenture (the "Debenture") in the principal amount of \$500,000 (the "Principal Amount"). The Debenture matures twelve months from the date of issuance and bears interest at 15% per annum, accrued and paid annually, with such interest being calculated on the basis of 30 days per month and 360 days per year. The Principal Amount and any accrued and unpaid interest is convertible at the election of the holder into common shares of the Company, in whole or in part, at any time following the issue date but on or before the maturity date at a conversion price of the greater of \$0.05 per share or the 20 day volume weighted average trading price of the shares, or such other minimum as required by the policies of the Canadian Securities Exchange.

The Company may elect to force settlement of the Principal Amount together with any interest accrued but unpaid on the then outstanding Debenture if the Company completes an equity financing of common shares or units consisting of common shares and a convertible security which converts into common shares at the price of the securities issued pursuant to an equity financing, on not less than 5 days' notice. The Company may also from time to time prepay all or part of the Principal Amount plus accrued and unpaid interest without penalty or bonus.

## **7. Policies and Controls**

### **7(a) Significant Accounting Policies and Estimates**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and further periods if the revision affects both current and future periods.



Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The assessment of the ultimate collectability of due from related party.

#### Critical judgments

- Going Concern - Evaluation of the ability of the Company to realize its strategy for funding its future needs for working capital involves making judgments.
- Provision for credit losses - Judgment is required as to the timing of establishing a provision for credit losses and the amount of the required provision, taking into consideration factors such as counterparty creditworthiness, the fair value of the underlying collateral, current economic trends and past experience.
- Fair value and useful life of intangible assets - The value of the intangible assets was determined based on the fair value of the consideration exchanged, which was based on the market price of the shares issued at the dates of issuance. Management judgementally used the maximum legal life of the patent as the useful life of the intangible assets for purposes of amortization.
- Impairment of intangible assets – The determination that there are no indicators of impairment indicating that the carrying amount exceeds the recoverable amount.

Judgment is required in assessing whether certain factors would be considered an indicator of impairment or impairment reversal. Management considers both internal and external information to determine whether there is an indicator of impairment or impairment reversal present and, accordingly, whether impairment testing is required.

#### **7(b) Changes in Internal Controls over Financial Reporting (“ICFR”)**

##### *Changes in Internal Control Over Financial Reporting (“ICFR”)*

In connection with National Instrument 52-109, Certification of Disclosure in Issuer’s Annual and Interim Filings (“NI 52-109”) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management’s Discussion and Analysis. The Venture Issue Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI52-109.



### Disclosure Controls and Procedures

The Company's CEO and CFO are responsible for establishing and maintaining the Company's disclosure controls and procedures. Management, including the CEO and CFO, have evaluated the procedures of the Company and have concluded that they provide reasonable assurance that material information is gathered and reported to senior management in a manner appropriate to ensure that material information required to be disclosed in reports filed or submitted by the Company is recorded, processed, summarized and reported within the appropriate time periods.

While management believes that the Company's disclosure controls and procedures provide reasonable assurance, they do not expect that the controls and procedures can prevent all errors, mistakes, or fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

### **8. Information on the Board of Directors and Management**

#### **Directors:**

*Brian Whitlock*

*Alan Boyco*

*Randy Minhas*

*Rick Easthom*

#### **Audit Committee members:**

*Alan Boyco*

*Brian Whitlock*

*Rick Easthom*

#### **Management:**

*Randy Minhas – Chief Executive Officer*

*Randy Minhas, CPA, CA – Chief Financial Officer*