(Formerly Parana Copper Corporation)

Management's Discussion and Analysis

For the three and nine months ended June 30, 2019 and 2018

DATE AND SUBJECT OF REPORT

The following management's discussion and analysis (the "MD&A") of the financial condition and results of the operations of Redfund Capital Corp. (formerly Parana Copper Corporation) (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the period ended June 30, 2019 and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the period ended June 30, 2019, and the audited annual consolidated financial statements for the years ended September 30, 2018 and 2017. The interim financial statements and MD&A of the Company are presented in Canadian dollars and prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. References to "US$" are to United States dollars. Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.redfundcapital.com. You may also access the Company's disclosure documents through the Internet on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3" and "Q4", respectively. The years ended September 30, 2018 and 2017, are also referred to as "fiscal 2018" and "fiscal 2017".

The effective date of this MD&A is August 28, 2019.

Forward-Looking Statements

This MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are usually preceded by, followed by or include the words 'believes', 'expects', 'anticipates', 'estimates', 'intends', 'plans', 'forecasts', 'may', 'will', or similar expressions, although not all forward-looking statements contain these words. These forward-looking statements are based on management's current expectations and involve numerous risks and uncertainties. Such uncertainties may include general economic, political or market uncertainties in Canada or elsewhere, changes to regulatory or compliance requirements, changes in government policies, the risks inherent in a development stage business, the possible future impact of tax exposures, currency and exchange rate fluctuations, changes in interest rate, all of which are difficult or impossible to predict accurately. While we believe the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. Forward-looking statements are not guarantees of future performance. Actual results may be differ materially from those implied be the forward-looking statements. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company has no intention and undertakes no obligation to update or revise any forward-looking statements, whether written or oral that may be made by or on the Company's behalf.

Description of Business

The Company was incorporated under the Business Corporation Act of Alberta on August 31, 1998 and was continued to British Columbia on January 30, 2006. On August 2, 2018, the Company completed a change of business and corporate name change to become a merchant bank focused on medical cannabis and hemp in both Canada and the United States. Previously, the Company changed its name from AAN Ventures Inc. to Parana Copper Corporation on May 25, 2017. The Company's shares are publicly traded on the Frankfurt Exchange and Canadian Stock Exchange (the "CSE") under the symbol "LOAN".

The Company provides debt and equity funding in the mid to late stages of a target company's development, or in technologies that are developed and validated but may be in the early stage of commercialization in the medical cannabis, hemp and CBD markets. The head office, principal address and records office of the Company are located at 702 – 595 Howe Street, Vancouver, B.C. V6C 2E5, Canada.

Directors and Officers of the Company

The board of directors of the Company consists of Meris Kott, Eugene Hodgson, Mark Ireton, Amanda de Freitas and Lindsey Perry Jr. The management team of the Company is comprised of Meris Kott, CEO, and Kelly McQuiggan, CFO (effective July 2, 2019, with Ryan Cheung as CFO until July 1, 2019).

Outlook

The Company is taking a more active role with our clients' management teams and will begin to convert our debt instruments into equity positions of the portfolio companies as reasonable revenues are attained. The Company continues to provide business and financial plans, strategy, merger/acquisition candidates, joint ventures, corporate partners and others involving financial and business-related transactions to its portfolio clients plus operational support that will help build their valuations and revenue streams.

Going Concern

The Company incurred a net loss of $2,297,250 for the nine-month period ended June 30, 2019, has an accumulated deficit of $35,865,547 and has had recurring losses since inception. The Company has sufficient funds to sustain its operations over the next twelve months. Management is considering all possible financing alternatives, including equity and debt financing to finance the future operations.

The ability to continue operating as a going concern is dependent on raising additional funding to develop successful businesses. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. These circumstances lead to substantial doubt as to the ability of the Company to meet its obligations as they become due and, accordingly, as to the appropriateness of the use of accounting principles applicable to a going concern.

The Company's interim financial statements do not reflect the adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

OVERALL PERFORMANCE

The Company completed a change of business and corporate name change to become a merchant bank focused on medical cannabis, hemp and CBD markets both Canada and the United States. The Company made several secured loans to cannabis companies during the nine-month period ended June 30, 2019.

<u>Convertible Loan Portfolio and Investments</u>

Biolog, Inc.

On August 21, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biolog, Inc. ("Bioglog"), a private company incorporated in the State of Utah. The Company has agreed to advance up to USD$800,000 in tranches. Advances are secured by the assets of Biolog and bear interest at 14%, payable monthly; and the promissory note is due on September 1, 2020. On the Effective Date, the Company advanced $194,000 under the note. The note may be converted into common shares of Biolog at a price equal to a 10% discount to the valuation of Biolog immediately from any financing immediately prior to the date of conversion.

In addition, Biolog issued warrants equivalent to 20% of the amount of the note based upon its valuation as of the Effective Date which is stipulated to be USD $10,000,000. The option to settle the convertible note and warrants in common shares of Biolog represents an embedded derivative in the form of a call option to the Company. Biolog is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at $nil value. As at September 30, 2018, the fair value of the derivative asset remained the same.

Furthermore, as at September 30, 2018, the Company has not received repayment of such note and management has assessed the high likelihood of uncollectability. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount. This loan continues to be secured by the borrowers' assets.

Biominerales Pharma Corp.

On August 27, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biominerales Pharma Corp. ("Biopharma"), a private company incorporated under the laws of the Province of Quebec. The Company has agreed to advance up to USD$196,184. Advances are secured by the assets of Biopharma and bears interest at 14% annually, payable monthly; and the promissory note is due on October 1, 2020. On the Effective Date, the Company advanced $255,000 under the note. The note may be converted into common shares of Biopharma at a price equal to a 10% discount to the price assigned to the common shares of Biopharma from any financing immediately prior to the date of conversion. The Company is not able to exert significant influence over the operations of Biopharma.

In addition, Biopharma issued 18,684 warrants, exercisable at a price of $2.10 per warrant to acquire one Class A common share in the capital of Biopharma for a period of 24 months. The option to settle the convertible note and the stock warrants in Class A common shares of Biopharma represents an embedded derivative in the form of a call option to the Company. Biopharma is a private company and its shares cannot be reliably valued using any market-derived indicators. Accordingly, the derivative asset was initially recognized by the Company at $nil value. As at September 30, 2018, the fair value of the derivative asset remained the same. Furthermore, as at September 30, 2018, the Company has not received repayment of such note and management has assessed the high likelihood of uncollectability. Thus, the entire balance of convertible note receivable has been impaired. As such time the loan is repaid in full, the Company will recognize a recovery of the impairment amount.

On October 1, 2018, a further $250,000 was loaned to Biopharma under the same terms as the previously loaned $255,000. This loan continues to be secured by the borrowers' assets.

RxMM Health

On October 1, 2018, the Company entered into a US$500,000 promissory note with RxMM Health ("RxMM"). The loan is secured by a general security agreement on assets of RxMM. The loan bears an interest at 14% compounded monthly and is repayable within 24 months. Furthermore, RxMM granted additional consideration to the Company providing an option to purchase common shares of RxMM equal to 20% of the amount of the loan based on a valuation agreed upon between RxMM and the Company. On October 9, 2018, the Company made a first tranche loan of $220,740 CDN to RxMM. This loan continues to be secured by the borrowers' assets.

Mary's Wellness Ltd.

On October 15, 2018, the Company entered into a $1,000,000 promissory note with Mary's Wellness Ltd. ("MWL"). The loan was secured by a general security agreement on assets of MWL. The loan beared an interest rate of 12.5% per annum compounded monthly and was repayable by November 1, 2020. Furthermore, MWL granted additional consideration to the Company providing an option to purchase common shares of MWL equal to 20% of the amount of the loan based on a valuation agreed upon between MWL and the Company. On October 19, 2018, the Company made a first tranche loan of $100,000 CDN to MWL. This loan was secured by the borrowers' assets. The entire loan was converted on March 20, 2019 to a 5% equity interest in MWL. The investment in MWL was recorded at cost, as the Company does not have significant influence nor control over MWL.

Winterlife Inc.

On November 1, 2018, the Company entered into a USD$1,000,000 promissory note with Winterlife Inc. ("Winterlife"). The loan is secured by a general security agreement on assets of Winterlife made effective on November 1, 2018. The loan bears an interest rate of 14% per annum compounded monthly and is repayable by November 1, 2020. Furthermore, Winterlife granted additional consideration to the Company providing an option to purchase common shares of Winterlife equal to 20% of the amount of the loan based on a valuation agreed upon between Winterlife and the Company. On November 6, 2018, the Company made a first tranche loan of $100,080 CDN to Winterlife. This loan continues to be secured by the borrowers' assets.

RESULTS OF OPERATIONS

Selected Annual Information

The following table summarizes selected financial data for the Company for each of the three most recently completed fiscal years. The information set forth below should be read in conjunction with the audited consolidated annual financial statements of the same years.

	Years ended September 30,		
	2018	2017	2016
	$	$	$
Net loss	**(3,303,216)**	(186,842)	(115,015)
Comprehensive loss	**(3,752,216)**	(194,683)	(115,015)
Total assets	**1,092,832**	91,586	269,910
Net loss per share (basic and diluted)	**0.10**	0.02	0.00

Selected Quarterly Information

The following table summarized the results of operations for the eight most recent quarters:

(in thousands of dollars, except per share amounts)	**2019**			**2018**				**2017**
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net loss	839	325	1,133	3,221	3	17	63	88
Loss per share	0.02	0.01	0.02	0.10	0.00	0.00	0.00	0.01

Weighted averages are consolidated shares. See Disclosure of Outstanding Share Data section.

Results for the three and nine months ended June 30, 2019

During the three and nine months ended June 30, 2019, the Company incurred a net loss of $839,350 and $2,297,250, respectively compared to net loss of $2,584 and $82,353 in the comparable prior periods. The primary increase in net loss was due to a ramp up in business operations resulting in an increase in consulting, investor relations and marketing, public relations, travel and regulatory costs. In addition, the Company granted stock options resulting in non-cash stock-based compensation expense to be recognized during the period; this did not occur on the comparable prior period.

Related Party Transactions

Transactions with key management and directors

The Company paid the following amounts during the nine months ended June 30, 2019 and 2018 to companies controlled by current and former directors and officers of the Company:

	Three months ended June 30,		Nine months ended June 30	
	2019	2018	**2019**	2018
	$	$	**$**	$
Rent and professional fees	**8,394**	-	**24,144**	8,925
Consulting fees	**81,083**	-	**306,464**	30,000
Travel	**30,821**	-	**76,072**	-
	120,298	-	**406,680**	38,925

Related party balances

As at June 30, 2019, the Company owed $Nil (2018 - $12,000) for consulting fees to a company controlled by the Chief Executive Officer and director of the Company.

As at June 30, 2019, the Company owed $Nil (2018 - $5,250) for consulting fees to a company controlled by the previous Chief Financial Officer of the Company.

Amounts due to related parties are non-interest bearing, unsecured, with no terms of repayment and are included in accounts payable.

Disclosure of Outstanding Share Data

The Company's share structure as at the date of this MD&A are as follows:

Authorized Share Capital: Unlimited number of voting common shares without par value

Issued and outstanding: As at the date of this document, there were 50,216,944 common shares issued and outstanding, 23,970,298 share purchase warrants outstanding at the date of this document, and 1,050,000 share purchase options.

Liquidity and Capital Resources

At June 30, 2019, the Company had a working capital deficit of $58,740 (September 30, 2018 – positive working capital of $743,338).

	June 30, 2019 **$**	September 30, 2018 $
Current assets	**137,949**	1,092,832
Current liabilities	**196,689**	349,494

During the nine months ended June 30, 2019, the Company issued a total of 3,295,833 shares to consultants on the following dates for Consulting services rendered:

- February 19, 2019: 200,000 shares for a total value of $50,000
- April 5, 2019: 1,262,500 shares for a total value of $252,500
- April 24, 2019: 833,333 shares for a total value of $166,667
- May 13, 2019: 1,000,000 shares for a total value of $150,000

The above share issuances were recognized as stock-based compensation and included in Consulting expenses.

On October 11, 2018, the Company closed a private placement by issuing 5,724,999 units at $0.30 per unit for total gross proceeds of $1,717,500. Each unit consists of one common share and one warrant entitling the holder to one additional common share for $0.55 for a period of two years from date of grant. $564,208 of the subscription proceeds were received during the year ended September 30, 2018. A cash commission of $29,497 was paid and 21,467 broker warrants were issued, containing the same exercise terms as the private placement warrants. The fair value of the 21,467 broker warrants was estimated at $6,700.

On August 2, 2018, the Company closed a private placement and issued 7,779,894 units at $0.1875 per unit for total gross proceeds of $1,458,730. Each unit consists of one common share and one warrant entitling the holder to one additional common share for $0.34 for a period of two years from the date of grant, subject to the Company having the right to accelerate the expiry date if the shares trade at $0.47 for a period of 14 consecutive days. A cash commission of $74,906 was paid and 399,495 broker warrants were issued, containing the same exercise terms as the private placement warrants. The fair value of the 399,495 broker warrants was estimated at $71,473.

On August 2, 2018, the Company issued 2,933,333 units to consultants for services rendered at $550,000, recognized as stock-based compensation. The warrants issued contain the same exercise terms as the private placement warrants.

On August 2, 2018, the Company also issued 10,304,000 common shares to the shareholders of Ultra Invest Canada Inc. (Ultra), to acquire all of the currently issued and outstanding shares of Ultra, a non-arms-length private company controlled by the Company's Chief Executive Officer at a deemed price of $0.094 per share. At the time of the acquisition, Ultra Invest did not constitute a business as defined under IFRS 3, as it had neither operations nor assets; therefore, the acquisition is accounted under IFRS 2, where the difference between the consideration given to acquire the Company is recorded as stock based compensation. Management believes the Company has adequate liquidity to settle its liabilities when they come due. However, the resources on hand will not be sufficient to enable the Company to acquire and develop successful businesses in the future. Management is actively looking for addition equity and debt financing to address future cash flow needs. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

Accounting Policies

The significant accounting policies of the Company are listed in the Note 3 to the Company's audited financial statements for the year ended September 30, 2018.

New Accounting standards

<u>New standard IFRS 9 "Financial Instruments"</u>

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company intends to adopt the standards when they become effective. The Company is assessing the impact of the standard on its convertible notes receivable and its investments where it holds less than significant influence. The Company is currently completing its assessment of the impact of this new standard. The Company has not yet determined the impact of these standards on its financial statements but does not anticipate that the impact will be significant.

<u>New standard IFRS 15 "Revenue from Contracts with Customers"</u>

This new standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Overall, the Company does not expect the implementation of IFRS 15 to have a significant impact on its revenue.

<u>New standard IFRS 16 "Leases"</u>

This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. While the Company is currently evaluating the impact this new guidance will have on its condensed interim financial statements, the recognition of certain leases is expected to increase the assets and liabilities on the consolidated statements of financial position. As a result, the Company does not expect IFRS 16 to have a significant impact to the consolidated statements of financial position.

Financial Instruments and Risks Management

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Liquidity risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

Historically, the Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital.

In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the period ended June 30, 2019.

Fair Value

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

Financial and Disclosure Controls and Procedures

Venture issuers are not required to 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 National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim Filings ("NI 52- 109"). In particular, the Company's certifying officers 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 generally accepted accounting principles.

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 make. Investors should be aware that inherent limitations on the ability of the Company are certifying officers to design and implement on a cost-effective basis.