



Management's Discussion and Analysis

For the three months ended December 31, 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. (the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended December 31, 2019 and should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended September 30, 2019 and 2018. The 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, 2019 and 2018, are also referred to as "fiscal 2019" and "fiscal 2018".

The effective date of this MD&A is March 2, 2020.

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 differ materially from those implied by 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. 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 OTC Markets, Frankfurt Exchange and Canadian Stock Exchange (the "CSE") under the symbol "LOAN".

The Company provides advisory services, 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 100 - 1111 Melville St Vancouver, British Columbia V6E 3V6.

Directors and Officers of the Company

The board of directors of the Company consists of Meris Kott, Eugene Hodgson, Mark Ireton, Amanda de Freitas, Ashleigh Vogstad and Lindsey Perry Jr. The management team of the Company is comprised of Meris Kott, CEO, and Stephen Brohman, CFO (effective December 12, 2019, with Kelly McQuiggan until December 11, 2019 and Ryan Cheung as CFO until July 1, 2019).

Outlook

Redfund Capital has established the first tier of its investment client portfolio during its first fiscal year. The Company will continue its focus in 2020 on developing additional revenue streams with their Best in Class Corporate Advisory Services, joint venture partnerships, corporate re-organizations, valuation adjustments, and corporate development strategy.

Going Concern

The Company incurred a net loss of \$73,448 for the three months ended December 31, 2019, has an accumulated deficit of \$36,012,244 and has had recurring losses since inception. The Company does not have 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.

OVERALL PERFORMANCE

The Company is classified as 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 year ended September 30, 2019. All loans are currently secured by the borrowers' assets as at December 31, 2019.

Convertible Loan Portfolio and Investments

Biolog, Inc.

On August 21, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biolog, Inc. ("Biolog"), 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. 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, 2019, the fair value of the derivative asset remained the same.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Biolog and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable remains 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.

Biominales Pharma Corp.

On August 27, 2018 ("Effective Date"), the Company subscribed for a convertible secured promissory note with Biominales 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. Biopharma is a private company and its shares cannot be reliably valued using any market-derived indicators. As at September 30, 2018, the Company had not received repayment of such note and management has assessed the high likelihood of collectability. Thus, the entire balance of convertible note receivable had been impaired.

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. As at December 31, 2019, Biopharma has made monthly interest payments in accordance with the promissory note totaling \$12,439.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been able to review financial information of Biominales and has assessed the high likelihood of collectability in respect to the principal portion of the loan. Thus, the entire balance of convertible note receivable remains and the previous impairment of \$255,000 has been reversed.

RxMM Health Capital Inc.

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.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been able to review qualitative information of RxMM and has assessed the high likelihood of collectability in respect to the principal portion of the loan. As at September 30, 2019, RxMM has made monthly interest payments in accordance with the promissory note totaling \$8,208.

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 bore 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.

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.

Management completed a thorough analysis as to any expected credit losses on certain of its financial assets. Accordingly, management has been unable to review financial information of Winterlife and has assessed the high likelihood of un-collectability in respect to the principal portion of the loan. 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. The Company has received \$nil of total interest since the loan's inception.

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,		
	2019	2018	2017
	\$	\$	\$
Net loss	(2,370,499)	(3,303,216)	(186,842)
Comprehensive loss	(2,370,499)	(3,752,216)	(194,683)
Total assets	769,442	1,092,832	91,586
Net loss per share (basic and diluted)	0.05	0.10	0.02

Selected Quarterly Information

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

<i>(in thousands of dollars, except per share amounts)</i>	2020	2019			2018			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net loss	73	75	839	325	1,133	3,669	3	17
Loss per share	0.00	0.00	0.02	0.01	0.02	0.10	0.00	0.00

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

Results for the three months ended December 31, 2019, compared to the three months ended September 30, 2019

On a quarter to quarter basis, loss and comprehensive loss decreased by approximately \$1,000 during the three months December 31, 2019, compared to the three months September 30, 2019.

During the three months ended December 31, 2019 and three months ended September 30, 2019 the Company incurred a net loss of \$73,448 and \$74,717, respectively compared to net loss of \$1,133,238 and \$3,669,863 in the comparable prior periods. The company had a considerable ramp up in business operations resulting in an increase in consulting, investor relations and marketing, public relations, travel and regulatory costs in the prior year primarily in the first three quarters of fiscal 2019. The primary decrease from operating expenses was the Company granted fewer stock options resulting in non-cash stock-based compensation expense to be recognized during the period.

Results for the three months ended December 31, 2019, compared to the three months ended December 31, 2018.

On a year over year basis, loss and comprehensive loss increased by approximately \$1,060,000

during the three months December 31, 2019, compared to the three months December 31, 2018. Notably, the Company recognized interest income of \$16,611 during the three months ended December 31, 2019, whereas \$28,375 was recognized for the comparative period.

Contributing to the decrease in loss and comprehensive loss were decreases in several components of expense. This is mainly attributable to the Company decreasing operations. Decreases in consulting, investor relations, public relations and share based payments have all contributed. In the prior year the Company undertook advertising initiatives which increased investor relations and marketing.

Related Party Transactions

A number of key management personnel and Directors hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. There were no loans to management personnel or Directors, or entities over which they have control or significant influence, during the three months ended December 31, 2019 and December 31, 2018.

Meris Kott, the Company's President and CEO receives a monthly consulting fee and incentive stock options. All other key management personnel and Directors receive no salaries, non-cash benefits (other than incentive stock options), or other remuneration directly from the Company, other than noted below, and there are no employment contracts with them that cannot be terminated without penalty on thirty days notice. Key management personnel and Directors participate in the Company's stock option plan.

No stock options were granted during the three months ended December 31, 2019. Stock options were granted during the three months ended December 31, 2018 to directors and management which had a fair value on grant date of \$291,892.

The Company transacted with the following related parties:

- (a) 1060606 BC Ltd. ("106 BC Ltd.") is a consulting firm over which the CEO of Redfund has significant influence and ownership. Charges are for consulting, travel, office rent and administration.
- (b) Kelly McQuiggan was a former CFO. He is a consultant of Invictus Accounting Group LLP a firm in which he has influence. Invictus provided the Company with accounting services and professional fees.
- (c) Ryan Cheung was a former CFO. He is owner of MCPA Services Inc. a firm in which he has significant influence. MCPA provided the Company with accounting services and professional fees.
- (d) Stephen Brohman is the Company's CFO. He is a principal of Donaldson Brohman Martin CPA Inc. ("DBM CPA"), a firm in which he has significant influence. DBM CPA provides the Company with accounting and tax services.

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

	Transactions 3 months ended December 31, 2019 \$	Transactions 3 months ended December 31, 2018 \$	Balances outstanding December 31, 2019 \$	Balances outstanding December 31, 2018 \$
106 BC Ltd.				
- consulting services	37,402	136,250	-	-
- travel	7,768	36,250	-	-
	45,170	172,500	-	-
DBM CPA	-	-	3,500	-
Invictus	-	-	9,013	-
MCPA	-	5,250	-	5,250
	45,170	177,750	12,513	5,250

All related party balances are unsecured and are due within thirty days without interest.

The transactions with the key management personnel and Directors are included in operating expenses as follows:

- (a) Consulting and travel expenses
 - Includes Meris Kott fee related to consulting, administrative and travel related expenses.
- (b) Office rent
 - Charged by 1060606 BC Ltd.
- (c) Professional fees
 - Includes the accounting services of Company's former CFO's, Ryan Cheung and Kelly McQuiggan, charged to the Company by MCPA and Invictus.
 - Includes the accounting services of the Company's current CFO, Stephen Brohman, charged to the Company by DBM CPA.

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 52,302,238 common shares issued and outstanding, 23,970,298 share purchase warrants outstanding at the date of this document, and 1,350,000 share purchase options.

Liquidity and Capital Resources

At December 31, 2019, the Company had a working capital deficit of \$98,439 (2018 – positive working capital of \$486,105)

	December 31, 2019	December 30, 2018
	\$	\$
Current assets	28,658	573,264
Current liabilities	127,097	87,159

Transactions for the issue of share capital during the three months ended December 31, 2019:

The Company issued a total of 700,000 shares to consultants on the following dates for consulting services rendered:

- October 2, 2019: 500,000 shares for \$25,001; and
- November 4, 2019: 200,000 shares for \$16,000.

The above share issuances were and included in consulting expenses. In connection with the shares issued for services the Company recognized a gain on contract settlement in the amount of \$24,000.

Transactions for the issue of share capital during the three months ended December 31, 2018:

On October 11, 2018, the Company closed a private placement by issuing 5,724,999 units at \$0.30 per unit for 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.

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 2 to the Company's audited financial statements for the year ended September 30, 2019.

New Accounting standards

The Company adopted the following accounting standards that were effective for the Company beginning on October 1, 2019.

- New standard IFRS 16 - Leases

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. It is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, IFRS 16 requires a single, on-balance sheet accounting model that is similar to current finance lease accounting. Leases become an on-balance sheet liability that attract interest, together with a new asset.

The Company does not have any leases and has assessed that there will be no material reporting changes as a result of adopting the new standard.

- New Interpretation IFRIC 23 - Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 - Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. There were no reporting changes as a result of adopting the new interpretation.

Financial Instruments and Risks Management

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

Financial instruments - fair value

The Company's financial instruments consist of cash, interest receivable, investments, convertible loans receivable, accounts payable and accrued liabilities.

The carrying value of accounts payable and accrued liabilities approximates their fair value because of the short-term nature of these instruments.

Financial instruments measured at fair value on the statements of financial position are summarized into the following fair value hierarchy levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
December 31, 2019				
Cash	209	-	-	209
Convertible loan receivable	-	-	675,779	675,779
	209	-	675,779	675,988
December 31, 2018				
Cash	454,931	-	-	454,931
Convertible loan receivable	-	-	670,820	670,820
	454,931	-	670,820	1,125,751

Within Level 3, the Corporation includes the convertible loans receivable and private company investments. The key assumptions driving the valuation of the private company investments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental. A +/- 25% change in the fair value of these investments will result in a corresponding +/- \$169,000 (2018 - \$168,000) change to the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different circumstances.

The fair value of the convertible loans receivable, which is not traded in an active market, is determined by discounting the stream of future interest and principal repayments at the rate of interest prevailing the balance sheet date for instruments of similar term and risk, and adding this value to the value of the convertibility feature which is estimated using a Black-Scholes model based on assumptions including risk free interest rate, expected dividend yield, expected volatility and expected remaining life of the convertible loans receivable.

Management estimates that the market interest rate on similar borrowing without the conversion feature was approximately 25% and has used an implied volatility of 87.35% in valuing the convertibility feature. Holding all other variables constant, a fluctuation in interest rates of 1% would have impacted the valuation by approximately \$5,000 while a fluctuation in the implied volatility use of 25% would have impacted the valuation by approximately \$1,000.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

Financial instruments - risk

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

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

The Company is a merchant bank and considers items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, purchase shares for cancellation pursuant to normal course issuer bids or make special distributions to shareholders. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Company's capital structure as at December 31, 2019 is comprised of shareholders' equity of \$577,340 (September 30, 2019 - \$609,787).

The Company currently has no source of revenues except for interest received from convertible loans. In order to fund future projects and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation is primarily dependent upon its ability to borrow or raise additional financing from equity markets.

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.

Subsequent event

On February 6, 2020 the Company signed a definitive agreement for an equity stake in Sunshine State Tea Company (“SSTC”) based in Boca Raton, Florida. SSTC’s main product line is infused CBD tea with zero percent THC. The Company has agreed to purchase 18 per cent of SSTC with consideration in common shares and has agreed to the valuation of SSTC being \$1,500,000. The Company will allocate \$500,000 in a promissory note toward the project within the first three years. This transaction, which will close on receipt of exchange approval, is a non-arm's-length transaction in that the Company’s Chief Executive Officer, is an insider of SSTC. The Company is relying on certain valuation and minority approval exemptions from Multilateral Instrument 61-10.