FIBRESOURCES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JANUARY 31, 2018

In Canadian Dollars

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Fibresources Corporation's ("Fibresources", or the "Company") performance, financial condition, and future prospects has been prepared as of July 10, 2019. This MD&A should be read in conjunction with the Company's audited financial statements and the notes thereto for the years ended January 31, 2019 and 2018 which have been prepared using International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. The Company has prepared this MD&A following requirements of National Instrument 51-102, Continuous Disclosure Obligations.

DESCRIPTION AND OVERVIEW OF BUSINESS

Fibresources was incorporated under the *Business Corporations Act* (Alberta) on April 19, 1998 under the name of Cinemage Capital Corporation as a Junior Capital Pool Company. The Company began trading on the Canadian Venture Exchange (as it was then known – now the TSX Venture Exchange) under the symbol "CIG" on December 15, 1999, and completed its "major transaction" in 2001, acquiring Advanced Cultural Technologies Inc., a company which was incorporated under the *Business Corporations Act* (British Columbia).

On July 26, 2002, the Corporation received a Certificate of Continuance from the Director under the provisions of the *Canada Business Corporations Act* and discontinued from the jurisdiction of Alberta, while also changing its name to Cinemage Corporation. The Company subsequently changed its name to Fibresources Corporation on December 8, 2008, and continued trading on the TSX Venture Exchange under the symbol "FB".

On September 11, 2009 the BC Securities Commission issued a cease trade order ("**CTO**") against the Company as a result of the Company's failure to file its financial statements for the fiscal year ended January 31, 2009. On December 15, 2009 the Alberta Securities Commission also issued a Cease Trade Order against the Company. Both CTOs remain in place as of the date of this MD&A. As a result of the CTOs: (i) trading of the Company's share on the TSX-V was suspended (and such trading suspension remains in place as of the date of this MD&A), and (ii) the Company is precluded from issuing or trading in any of its securities, or in undertaking any act in furtherance of a trade in its securities.

Fibresources has no active business or ongoing operations and as a consequence the Company does not generate any operating income or positive cash flow. The Company will also need to raise further capital for general and administrative purposes. However, with the CTOs in place there is no opportunity to raise any capital.

Selected Annual Information

	2019 audited	2018 audited	2017 unaudited
	$	$	$
Total revenues	-	-	-
Net income/(Loss) for the year	238,333	(116,464)	(23,070)
Basic and diluted income/(loss) per share	0.03	(0.01)	-
Total assets	250	278	12,123
Total long term liabilities	-	-	-
Cash dividends declared per share	-	-	-

SUMMARY OF FINANCIAL RESULTS OF OPERATIONS – YEAR ENDED January 31, 2019

The Company posted $238,333 of net income for fiscal 2019 as compared to a loss of $116,464 in fiscal 2018. The main components of this were bank charges and interest on outstanding debt of $102,474 (2018 - $92,858) management fees of $18,000 (2018 - $18,000), and filing fees of $5,045 (2018 - $5,606). The main reasons for the increased net income in fiscal 2019 were (i) reversal of previously recorded stock-based compensation ($35,000 in 2019; $nil in 2018), and (ii) gain on recovery of debt ($328,852 in 2019; $nil in 2018).

The following is a summary of the Company's results for the eight most recently completed quarters:

	Years ended January 31							
	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Results								
Net income / (loss) for period	332,437	(31,368)	(31,368)	(31,368)	(29,572)	(28,964)	(28,964)	(28,964)
Per share	$0.04	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Balance Sheet Data								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Total assets	250	250	250	250	278	278	278	278
Shareholder's equity	(1,756,960)	(2,056,647)	(2,025,279)	(1,993,911)	(1,962,543)	(1,932,971)	(1,904,007)	(1,875,043)

LIQUIDITY AND CAPITAL RESOURCES

Fibresources has no operations that generate cash flows and the Company's future financial success depends on the continued services of management, the restructuring and settlement of existing liabilities, revocation of the CTOs, and subsequent financing. Once all of that is in place, the Company will be able to seek new business opportunities

Debt Restructuring

As part of its current audit, all of the unsecured debt of the Company has been reclassified as Demand Loans. This includes the debt of: Bondholders; Related Parties, Suppliers and other Accounts Payable.

Debt Write-Offs

The debt of defunct entities, deceased and other creditors with whom the Company has lost contact and/or where the last contact is now beyond statute limitations, has been written off.

Income Tax Liability

No Income tax liability was created by recording a gain on recovery of debt of $328,852 in **fiscal 2019 year** as the amount was offset by non-capital losses of approximately **$1,790,737** (2018 - $1,992,600) which expire at varying times up to 2039.

Debt Assignment

An arms length third party has expressed interest in acquiring all the remaining debt of the Company, from the holders thereof, at a discounted price.

Filing, Audit, And Related Fees

The Company has arranged for the payment of auditor, and legal costs regarding the preparation, audit and filing of the Company's financial statements, and for an application for revocation of the CTOs.

Notes Payable

As at January 31, 2019, the Company has $21,214 in Notes Payable that must be fully repaid.

Bank Debt

As at January 31, 2019 the Company owes Scotiabank $12.00 in Service Fees.

GST Receivable

The Company is eligible to file its 2019 annual GST return and is expected to receive a refund of $250.

Other

At January 31, 2019 the Company had a working capital deficit of $1,756,960 ($1,962,543 in 2018).

Other than as stated in the financial statements, the Company has no loans or bank debt and there are no restrictions on the use of its cash resources. The Company has not paid any dividends and management does not expect this will change in the foreseeable future.

For the foreseeable future, and provided the Company is successful in having the CTOs rescinded, the Company will continue to rely upon its ability to raise financing through the sale of equity. This will be dependent on positive investor sentiment, which in turn will be influenced by a positive climate for entering into a business acquisition transaction, the Company's track record and the experience and caliber of a Company's management, as well as global economic outlook.

There is no assurance that the Company will be able to access equity funding at the times and in the amounts required to meet the Company's obligations and funding activities. The outlook for the world economy remains uncertain and vulnerable to various shocks that could adversely affect the Company's ability to raise additional funding going forward.

OUTSTANDING SHARE DATA

Authorized Share capital: unlimited common shares without par value.

Share Data at the Reporting Period: Issued and outstanding shares 8,254,826

RELATED PARTY TRANSACTIONS

Related parties are parties that have the ability to control or to exercise significant influence over the Company. Related parties include members of the Board of Directors and officers, close family members of officers and directors and entities that are controlled by these individuals. During the year ended January 31, 2019, the Company accrued $ 18,000 (2018 - $ 18,000) of management fees to Mr. Edgar Froese, a director, and a corporation controlled by Mr. Froese. As at January 31, 2019, demand loans of $ 1,394,054 (2018 - $ 1,485,163) remain payable to Mr. Froese, immediate family of Mr. Froese and corporations controlled by Mr. Froese. As at January 31, 2019, notes payable of $ 13,912 (2018 - $

13,162) remain payable to Mr. Froese and immediate family of Mr. Froese, representing funds loaned to the Company for purposes of it financing the audit of the Company's financial statements.

COMMITMENTS

The Company has not entered into any material contractual commitments as at the Report Date.

RECENT EVENTS AND OUTLOOK

The Company has arranged funds to pay for the restoration of the Company, through the completion of this Audit and the filing of required Financial Statements to bring its disclosure up-to-date. This will be followed by an application to the BC and Alberta Securities Commissions for orders revoking the existing CTOs.

The Company understand that a third party is interested in acquiring all of the Demand Loans.

FINANCIAL AND OTHER INSTRUMENTS

As at January 31, 2019, the Company's financial instruments consisted of accounts receivable, demand loans and notes payable. The recorded amount of accounts receivable and notes payable approximates their fair value due to their short term nature. Fair value of demand loans is nominal. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

SIGNIFICANT ACCOUNTING POLICIES

New standards adopted

As of the date of these financial statements, the following standards have been applied in these financial statements:

(i) The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of February 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward looking "expected loss" impairment model. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

IFRS 9 contains three principal classification categories for financial assets: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVOCI") or at amortized cost. The classification of a financial asset under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

The table below summarizes the classification and carrying amount changes upon transition from IAS 39 to IFRS as at February 1, 2018.

	Original Under IAS39		**New Under IFFS**	
	Classification	Carrying Amount	Classification	Carrying Amount
Accounts Receivable	Loans and Receivables	278	Amortized Cost	278
Demand Loans	Other Financial Liabilities	1,937,944	Amortized Cost	1,937,944
Notes Payable	Other Financial Liabilities	24,877	Amortized Cost	24,877

(ii) As the standard permits on transition to IFRS 9, the Company has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements.

Effective on February 1, 2018, the Company adopted IFRS 15, "Revenue from Contracts with Customers". The Company reviewed the impact of IFRS 15, and there were no changes as the Company has not earned revenue to date.

New standards and interpretations not yet adopted

As of the date of these financial statements, the following standards have not been applied in these financial statements:

(i) IFRS 16, Leases, specifies how an IFRS reporter will recognize, measure, present, and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, IFRS 16's approach to lessor accounting remains substantially unchanged from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after January 1, 2019.

Management has assessed the effect of the new standard on the Company's accounting policies and financial statement presentation, and has found that no changes are required.

RISKS AND UNCERTAINTIES

There are significant risks associated with the Company, namely:

a) The Company is subject to the CTOs, and there is no assurance the same will be rescinded.

b) The Company has no active business, no source of cash flow, and is unable to raise financing through the sale of any of its securities, due to the CTOs.

c) The Company is very reliant upon its existing management and if the services of such personnel were withdrawn for any reason, this could have a material adverse impact on the Company's ability to move forward.

d) There is no assurance that if the CTOs are rescinded that the Company will be successful in raising any future financing on terms acceptable to the Company or at all.

e) There is no assurance that if the CTOs are rescinded and if the Company is successful in raising any future financing, that it will find a business opportunity on terms acceptable to the Company, or at all.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

Some of the statements contained in this MD&A are forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur.

Forward-looking statements may be identified by such terms as "believes", "if", "expects", "estimates", "may", "could", "should", "will", "intends" and similar expressions. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Although the Company believes that the expectations represented by such forward-looking information or statements are reasonable, there is significant risk that the forward-looking information or statements may not be achieved, and the underlying assumptions thereto will not prove to be accurate. Forward-looking information or statements in this MD&A include, but are not limited to, information or statements concerning the Company's expectations for: revocation of the CTOs, the Company's ability to obtain future financing, and the Company's ability to source and acquire a new business opportunity.

Actual results or events could differ materially from the plans, intentions and expectations expressed or implied in any forward-looking information or statements, including the underlying assumptions thereto, as a result of numerous risks, uncertainties and other factors including: ability of the Company to satisfy conditions to obtain revocation of CTOs; changes in general economic conditions and conditions in the financial markets; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; technological and operational difficulties encountered in connection with the Company's activities; and other matters discussed in this MD&A.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements. Further information regarding these and other factors, which may cause results to differ materially from those projected in forward-looking statements, are included in the filings by the Company with securities regulatory authorities. The Company does not undertake to update any forward-looking statement that may be made from time to time by the Company or on its behalf, except in accordance with applicable securities law.