

**VINERGY CAPITAL INC.**  
**(formerly Vinergy Cannabis Capital Inc.)**  
(the “Company”)

**FORM 51-102F1**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED FEBRUARY 28, 2021**

The following Management’s Discussion and Analysis, prepared as of July 27, 2021, should be read together with the annual financial statements for the year ended February 28, 2021 and the related notes attached thereto. These financial statements and MD&A include the results of operations and cash flows for the year ended February 28, 2021 and the reader must be aware that historical results are not necessarily indicative of the future performance. The reader may also wish to refer to the Company’s audited financial statements and MD&A for the year ended February 29, 2020. All amounts are reported in Canadian dollars.

The aforementioned documents and additional disclosures pertaining to the Company’s press releases and other information are also available on the SEDAR website [www.sedar.com](http://www.sedar.com).

Certain statements contained in this interim management discussion and analysis may contain words such as “could”, “should”, “expect”, “believe”, “will” and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of The Company’s prospects, political and economic conditions, commodity prices and other factors.

### **Description of Business**

Vinergy Capital Inc. (the “Company”) was incorporated as Vanguard Investments Corp. on March 20, 2001 under the provisions of the Alberta Business Corporations Act. On May 10, 2011, the Company changed its name to Vinergy Resources Ltd. and continued the Company’s registered jurisdiction from Alberta to British Columbia. On July 9, 2019, the Company changed its name to Vinergy Cannabis Capital Inc. On March 9, 2021, the Company changed its name to Vinergy Capital Inc. The Company’s head office is located at Suite 1000, 409 Granville Street, Vancouver, BC, V6C 1T2 and its shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “VIN”. The Company is an investment issuer.

On February 22, 2021, the Company announced that it is updating and amending its current investment policy to broaden the spectrum of the types of investments it is focused on to include high-impact and high-growth opportunities in Bitcoin mining, Bitcoin derivatives, digital currencies, digital currency marketplaces and exchanges, and blockchain, amongst other.

**VINERGY CANNABIS CAPITAL INC.**  
**(FORMERLY VINERGY RESOURCES LTD.)**  
**Management's Discussion & Analysis**  
For the year ended February 28, 2021

**Selected Annual Information**

The following table sets forth selected audited financial information of the Company from the last three completed financial years.

	2021	2020	2019
	\$	\$	\$
		(Restated)	
Total revenue	–	–	–
Net loss for the year	(718,838)	(2,993,114)	(1,239,645)
Basic and diluted loss per share	(0.01)	(0.06)	(0.03)
Total assets	299,179	99,954	872,317

The increase in net loss from the year ended February 28, 2018 to the year ended February 28, 2019 was mainly due to the write-off of loans receivable in the amount of \$1,062,174. The net loss for the year ended February 29, 2020, included the impairment of the investment in Phyto of \$476,840 and advances to Phyto and Next Level totaling \$2,199,035. The net loss for the year ended February 28, 2021, includes share-based payment of \$375,816.

**Summary of Quarterly Results**

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

	February 28, 2021	November 30, 2020	August 31, 2020	May 31, 2020
	\$	\$	\$	\$
Revenue	–	–	–	–
Net loss for the period	(642,477)	(40,076)	(18,092)	(18,193)
Basic and diluted loss per share	(0.01)	–	–	–

	February 29, 2020	November 30, 2019	August 31, 2019	May 31, 2019, 2019
	\$	\$	\$	\$
	(restated)	(restated)	(restated)	(restated)
Revenue	–	–	–	–
Net loss for the period	(2,870,768)	(62,688)	(43,418)	(16,040)
Basic and diluted loss per share	(0.06)	–	–	–

The net loss for the quarter ended February 29, 2020 includes the impairment of the investment of Phyto \$476,840 and write off of advances to Phyto and Next Level totaling \$2,199,035. The net loss for the quarter ended February 28, 2021, includes \$375,816 in share-based payments.

**VINERGY CANNABIS CAPITAL INC.**  
**(FORMERLY VINERGY RESOURCES LTD.)**  
**Management's Discussion & Analysis**  
For the year ended February 28, 2021

---

## **Results of Operations**

There were no changes in operations for the year ended February 28, 2021. The Company incurred a net loss of \$718,838 as compared to the net loss of \$2,993,114 for the year ended February 29, 2020. The net loss for February 29, 2020, included a write-off loans receivable of \$2,199,035. Total expenses for 2021 amounted to \$447,304 as compared to \$744,337 for 2020. The main difference is that in the prior year the Company included an impairment of investment of \$476,840 and an increase in consulting fees paid to a third party in connection with the listing statement. In the current year, the Company granted stock options and recorded \$375,816 in share-based payments. Share-based payments is a non-cash transaction. All other costs are consistent with that of maintaining its reporting issuer status.

### **Fourth Quarter**

During the fourth quarter ended February 28, 2021, the Company recorded a net loss of \$642,477 as compared to the net loss of \$2,870,768. During the current fourth quarter, the Company granted stock options and recorded \$375,816 in share-based payments and recorded a loss of \$193,722 on settlement of debt. Whereas in the prior year fourth quarter, the Company recorded a write-off of its investment and advances totaling \$2,676,875. All other costs were consistent with that of the comparable period.

### **Liquidity and Capital Resources**

As at February 28, 2021, the Company had cash of \$128,421 and a working capital deficit of \$1,321,454.

The Company believes that the current capital resources are not sufficient to pay overhead expenses for the next twelve months and will need to seek additional funding to fund its overhead expenses and its continuous search for other opportunities. The Company will continue to monitor the current economic and financial market conditions and evaluate their impact on the Company's liquidity and future prospects.

Since the Company will not be able to generate cash from its operations in the foreseeable future, the Company will have to rely on the issuance of shares or the exercise of options and warrants and loans payable to fund ongoing operations and investment. The ability of the Company to raise capital will depend on market conditions and it may not be possible for the Company to issue shares on acceptable terms or at all.

On April 14, 2021, the Company issued 10,305,667 units at \$0.15 per unit for gross proceeds of \$1,545,850 of which \$50,000 is receivable. Each unit consisted of one common share and one-half of a share purchase warrant exercisable at a price of \$0.25 per share expiring on April 14, 2023. The Company paid a finder's fee of \$31,848 and issued 262,320 agent's warrants. Each agent's warrant entitles the holder to purchase one common share at a price of \$0.15 per share on or before October 14, 2021 and at a price of \$0.20 per share thereafter until April 14, 2022.

### **Operating activities**

During the year ended February 28, 2021, the Company's operating activities used cash of \$180,150 while during the comparable year ended February 29, 2020, operating activities used cash of \$51,523.

### **Investing activities**

During the year ended February 28, 2021, the Company used \$150,000 in investing activities to invest in a private company as compared to \$1,382,497 used in investing in loans receivable advances for the comparable year ended February 29, 2020.

### **Financing activities**

During the year ended February 28, 2021, the Company's financing activities were provided by \$376,660 consisting of proceeds from a loan payable of \$96,000 and share issuances of \$285,000 less share issuance costs of \$4,340 as compared to \$1,479,960 in financing activities provided by proceeds from shares issued of \$1,236,680 and loans payable of \$250,000 less share issuance costs of \$6,720 during the comparable year ended February 29, 2020.

**VINERGY CANNABIS CAPITAL INC.**  
**(FORMERLY VINERGY RESOURCES LTD.)**  
**Management's Discussion & Analysis**  
For the year ended February 28, 2021

---

### **Related Party Transactions**

As at February 28, 2021, the Company owed \$15,000 (February 29, 2020 - \$nil) to Harmony Corporate Services Ltd., a company controlled by the Chief Financial Officer of the Company, which is included in accounts payable and accrued liabilities. During the year ended February 28, 2021, the Company incurred \$15,000 (February 29, 2021 - \$nil) in consulting fees to a company controlled by the Chief Financial Officer of the Company.

During the year ended February 28, 2021, the Company granted 2,000,000 stock options with a fair value of \$115,636 to officers and directors of the Company.

### **Financial Instruments and Risk Management**

#### **(a) Fair Values**

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Investments are classified as fair value through profit or loss and measured at fair value using level 3 inputs. The fair values of other financial instruments, which include cash and cash equivalents, advance receivable, accounts payable and accrued liabilities, and loans payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

#### **(b) Credit Risk**

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and cash equivalents. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

#### **(c) Foreign Exchange Rate Risk**

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to any significant foreign exchange rate risk.

#### **(d) Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

#### **(e) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

**VINERGY CANNABIS CAPITAL INC.**  
**(FORMERLY VINERGY RESOURCES LTD.)**  
**Management's Discussion & Analysis**  
For the year ended February 28, 2021

---

## **Capital Management**

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity comprised of issued share capital, share-based payment reserve, equity component of convertible debt, and share subscriptions received.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remained unchanged from the year ended February 29, 2020.

## **Subsequent Events**

On April 14, 2021, the Company issued 10,305,667 units at \$0.15 per unit for gross proceeds of \$1,545,850. Each unit consisted of one common share and one-half of a share purchase warrant exercisable at a price of \$0.25 per share expiring on April 14, 2023. The Company paid a finder's fee of \$31,848 and issued 262,320 agent's warrants. Each agent's warrant entitles the holder to purchase one common share at a price of \$0.15 per share on or before October 14, 2021 and at a price of \$0.20 per share thereafter until April 14, 2022.

On April 14, 2021, the Company entered into an agreement with an investor relations consultant whereby it agreed to pay US\$125,000 for a six month term. The Company also agreed to grant 1,200,000 stock options exercisable at \$0.26 per share expiring on April 14, 2022.

On April 20, 2021, the Company entered into an employment agreement with the new Chief Executive Officer and director ("CEO") and a company controlled by the CEO whereby it agreed to pay the CEO \$250,000 per annum. The CEO will be entitled to an annual bonus of up to 8% of the base salary payable quarterly based on performance reviews by the Board of Directors and another bonus based on portfolio performance.

Subsequent to February 28, 2021, the Company issued 13,234,998 common shares for proceeds of \$994,400 pursuant to the exercise of share purchase warrants.

On June 3, 2021, the Company issued 2,100,000 common shares for proceeds of \$126,000 pursuant to the exercise of stock options.

## **Disclosure by Venture Issuer Without Significant Revenue**

An analysis of the material components of the Company's general and administrative expenses is disclosed in the financial statements for the year ended February 28, 2021 to which this MD&A relates.

## **Disclosure of Outstanding Share Data**

### **Share Capital**

As at the date of the MD&A, the Company has 104,756,659 shares issued and outstanding.

### **Stock Options**

As at the date of the MD&A, the Company has 7,200,000 stock options outstanding.

**VINERGY CANNABIS CAPITAL INC.**  
**(FORMERLY VINERGY RESOURCES LTD.)**  
**Management's Discussion & Analysis**  
For the year ended February 28, 2021

---

**Share Purchase Warrants**

As at the date of the MD&A the Company has 26,715,154 share purchase warrants outstanding.