

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

**FORM 51-102F1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED MAY 31, 2021**

The following Management's Discussion and Analysis, prepared as of August 4, 2021, should be read together with the condensed interim financial statements for the three-month period ended May 31, 2021 and the related notes attached thereto. These financial statements and MD&A include the results of operations and cash flows for the three-month period ended May 31, 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 28, 2021. 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.

Subsequent to May 31, 2021, Vinergy's portfolio management strategy was modified to take advantage of market opportunities to participate in emerging companies going to IPO or planning to IPO within twelve months. The Board of Directors with the Management has begun to use its network to seek and find opportunities for Vinergy. As a result, Vinergy has invested in the following investments:

The Company participated in a private placement for 2,000,000 units for \$0.25 per Unit for a total investment of \$500,000 in Bitcoin Well Inc. Bitcoin Well Inc. offers convenient, secure, and reliable ways to buy and sell bitcoin through a trusted Bitcoin ATM network and suite of web-based transaction services. Ticker Symbol: TSX.V BTCW

The Company participated in a private placement for 536,000 shares in Nurosene Health Inc. for \$0.90 per share for a total investment of \$482,400. Nurosene Health Inc is a technology-driven wellness company focused on providing healthy habits focused on the mind, body, and brain to improve your daily mental wellness and overall brain health. Ticker Symbol: CSE MEND

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The Company participated in a private placement in LEII Wellness Ltd. for 500,000 Units for \$.35 per Unit for the total investment of \$175,000.

**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:

	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020
	\$	\$	\$	\$
			(restated)	(restated)
Revenue	–	–	–	–
Net loss for the period	(246,093)	(629,943)	(46,309)	(24,393)
Basic and diluted loss per share	(0.01)	(0.01)	–	–

	May 31, 2020	February 29, 2020	November 30, 2019	August 31, 2019
	\$	\$	\$	\$
	(restated)	(restated)	(restated)	(restated)
Revenue	–	–	–	–
Net loss for the period	(18,193)	(2,870,768)	(62,688)	(43,418)
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. The net loss in May 31, 2021 includes \$240,000 in share-based payments.

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## **Results of Operations**

There were no changes in operations for the three months ended May 31, 2021. The Company incurred a net loss of \$246,093 as compared to the net loss of \$24,494 for the comparable quarter ended May 31, 2020. Total expenses for the three months ended May 31, 2021 amounted to \$280,963 as compared to \$11,766 for the comparable quarter an increase of approximately \$269,000. The main increase is the recording of share-based payments of \$240,000 on stock options granted in the quarter. Share-based payments is a non-cash transaction.

### **Fourth Quarter**

N/A

## **Liquidity and Capital Resources**

As at May 31, 2021, the Company had cash of \$2,250,273 and a working capital of \$1,256,825.

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 future investments. 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 three months ended May 31, 2021, the Company's operating activities used cash of \$312,519 while during the comparable period ended May 31, 2020, operating activities used cash of \$72,104.

### **Investing activities**

There were no investing activities during the three months ended May 31, 2021 and 2020.

### **Financing activities**

During the three months ended May 31, 2021, the Company's financing activities were provided by \$2,434,371 consisting of share issuances of \$2,616,219 less share issuance costs of \$31,848 and \$150,000 in loan repayment as compared to \$Nil for the comparable period ended May 31, 2020.

## **Related Party Transactions**

As at May 31, 2021, the Company accrued \$15,000 (February 28, 2021 - \$12,500) in consulting fees to a company controlled by the CFO.

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The following expense was incurred with key management personnel of the Company. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers.

		<b>For the three months ended</b>	
		<b>May 31,</b>	
		<b>2021</b>	<b>2020</b>
Consulting fees			
Harmony Corporate Services Ltd. Company controlled by the CFO	\$	2,500	\$ -
Arif Merali Director		3,000	
		<b>\$ 5,500</b>	<b>\$ -</b>

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.

**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.

### **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**

None to report.

### **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 three months ended May 31, 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.

#### **Share Purchase Warrants**

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