

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

FORM 51-102F1

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED NOVEMBER 30, 2021

The following Management’s Discussion and Analysis, prepared as of January 27, 2022, should be read together with the condensed interim financial statements for the nine-month period ended November 30, 2021 and the related notes attached thereto. These financial statements and MD&A include the results of operations and cash flows for the nine-month period ended November 30, 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.

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” or “Vinergy”) 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'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 as at November 30, 2021:

Investment in marketable securities	shares/Units Held	Investment Cost	November 30, 2021	February 28, 2021
	#	\$	\$	\$
Public Companies				
Bitcoin Well Inc.	2,000,000	500,000	460,000	-
Eat Well Invt Group Inc. (formerly Rockshield Capital Corp.)	100,000	55,107	57,000	-

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Private Company				
CWE European Holdings Ltd.	1,250,000	150,000	150,000	150,000
Leii Wellness Ltd.	500,000	175,000	175,000	-
Investment in warrants				
CWE European Holdings Ltd.	1,250,000	-	37,500	-
Leii Wellness Ltd.	250,000	-	35,000	-
Bitcoin Well Inc.	1,000,000	-	120,000	-
Total		880,107	1,034,500	150,000

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, 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:

	November 30, 2021	August 31, 2021	May 31, 2021	February 28, 2021
	\$	\$	\$	\$
Revenue	-	-	-	-
Net (loss) income for the period	(940,668)	444,937	(246,093)	(623,642)
Basic and diluted (loss) income per share	(0.01)	0.04	(0.01)	(0.01)

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	November 31, 2020 \$	August 31, 2020 \$	May 31, 2020 \$	February 29, 2020 \$
	(restated)	(restated)	(restated)	(restated)
Revenue	–	–	–	–
Net loss for the period	(24,393)	(24,393)	(24,494)	(2,870,768)
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. The net income on August 31, 2021, included a gain on fair value of marketable securities of \$873,220. The net loss on November 30, 2021, included a loss on fair value of marketable securities of \$768,827 and the recognition of share-based payments of \$358,500.

Results of Operations

Three months ended November 30, 2021:

There were no changes in operations for the three months ended November 30, 2021. The Company recorded a net loss of \$940,668 as compared to the net loss of \$46,309 for the comparable quarter ended November 30, 2020. Included in the net loss for the three months ended November 30, 2021, was a loss on fair value of marketable securities of \$768,827 offset by a realized gain on sale of marketable securities of \$391,686. Total expenses for the three months ended November 30, 2021 amounted to \$555,622 as compared to \$27,880 for the comparable quarter an increase of approximately \$527,000. The main increases are due to an increase in consulting fees, marketing expenses and share-based payments. Consulting fees have increased to \$109,714 from \$2,500 from the comparable quarter due to fees paid to third parties for general social media consultation and other services and to directors and officers of the Company. Marketing expense increased to \$42,166 from \$Nil as the Company engaged Octagon Media Corp. the Company also recognized \$358,500 in share-based payments on stock options granted during the quarter. Share-based payment is a non-cash transaction.

Nine months ended November 30, 2021:

There were no changes in operations for the nine months ended November 30, 2021. The Company recorded a net loss \$741,824 as compared to the net loss of \$95,196 for the nine months ended November 30, 2020. Included in the net loss for the nine months ended November 30, 2021, were gains on fair value of marketable securities of \$154,393 and realized gain on sale of marketable securities of \$392,066. Total expenses for the nine months ended November 30, 2021 amounted to \$1,253,965 as compared to \$48,781 for the nine months ended November 30, 2020, an increase of approximately \$1,205,000. The main increase can be attributed to an increase in consulting fees from \$12,500 to \$410,167 for the current period to date. During the nine months ended the Company engaged a third party to provide general social media consultation for a period of seven months totaling \$90,000. The Company also paid \$315,167 to directors and officers of the Company (see related party section for details.) and \$5,000 to the CTO. Marketing have increased to \$161,491 from \$Nil as the Company engaged Octagon Media Corp to provide investor marketing program totaling US\$125,000. The Company also recorded \$598,500 in share-base payments on stock options granted during the nine months ended November 30, 2021 to a director of the Company and to a consultant.

Fourth Quarter

N/A

Liquidity and Capital Resources

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As at November 30, 2021, the Company had cash of \$1,507,314 and a working capital of \$1,159,623.

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 completed a private placement and issued 10,305,667 units at \$0.15 per unit for gross proceeds of \$1,545,850 of which \$50,000 is included share subscription receivable as at November 30, 2021. 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 April 14, 2023. The fair value of warrants issued was determined to have a fair value of \$721,397 and was recorded in warrant reserve. The fair value of the warrants issued were estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.31%, dividend yield of 0%, volatility of 273%, and expected life of 2 years. The Company paid a cash finder's fee of \$31,848 and issued 262,320 agent's warrants. Each agent's warrants entitle the holder to purchase one 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. The Company fair valued the agent's warrants at \$27,500 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.16% to 0.22%, dividend yield of 0%, volatility of 235% to 273% and expected life of .5 to 1 year.

During the nine months ended November 30, 2021, the Company issued 13,734,998 common shares for proceeds of \$1,019,400 pursuant to the exercise of share purchase warrants. The Company transferred \$637,998 from warrant reserves.

During the nine months ended November 30, 2021, the Company issued 2,100,000 common shares for proceeds of \$126,000 pursuant to the exercise of stock options. The Company transferred \$126,000 from share-based payment reserves.

Operating activities

During the nine months ended November 30, 2021, the Company's operating activities used cash of \$661,467 as compared \$187,336 used in November 30, 2020.

Investing activities

During the nine months ended November 30, 2021, the Company used \$338,041 in investing activities as compared to \$nil for November 30, 2020. The Company invested \$1,430,180 in marketable securities less \$1,092,139 from proceeds on sale of marketable securities.

Financing activities

During the nine months ended November 30, 2021, the Company's financing activities were provided by \$2,378,401 consisted of share issuances of \$2,656,249 less share issuance costs of \$31,848 and \$246,000 in loan repayment as compared to \$105,713 in loan payable, \$300,000 from share issuances less \$4,340 in share issue cost for the comparable period ended November 30, 2020.

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Related Party Transactions

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.

		For the nine months ended November 30,	
		2021	2020
Consulting fees			
Alnoor Nathoo	Director	\$ 88,000	\$ -
Harmony Corporate Services Ltd.	Company controlled by the CFO	61,750	12,500
Arif Merali	Director	30,000	-
Todd Violette	Former CEO and Director	135,417	-
		315,167	12,500
Share-based payment			
Christopher Cherry	Director	22,500	-
		\$ 337,667	\$ 12,500

As at November 30, 2021, the Company advanced \$2,735 (February 28, 2021 - \$Nil) on expenses to a director of the Company.

As at November 30, 2021, included in accounts payable and accrued liabilities is \$21,000 (February 28, 2021 - \$15,000) in consulting fees to a company controlled by the CFO.

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. On August 11, 2021, the CEO resigned.

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).

Marketable securities are classified as fair value through profit or loss and measured at fair value using level 1 and 3 inputs. The Company's investment in warrants are measured at fair value using Level 2 inputs. The fair values of financial instruments, which include cash and cash equivalents, amounts receivable, loans receivable, accounts payable and accrued liabilities, and loan payable, approximate their carrying values due to the relatively short-term maturity of these instruments.

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(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 28, 2021.

Subsequent Events

N/a

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 and nine months ended November 30, 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 105,256,659 shares issued and outstanding.

Stock Options

As at the date of the MD&A, the Company has 5,450,000 stock options outstanding.

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Share Purchase Warrants

As at the date of the MD&A the Company has 25,215,154 share purchase warrants outstanding.