

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

**FORM 51-102F1**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**FOR THE YEAR ENDED FEBRUARY 28, 2022**

The following Management’s Discussion and Analysis, prepared as of June 30, 2022, should be read together with the audited financial statements for the year ended February 28, 2022 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, 2022 and the reader must be aware that historical results are not necessarily indicative of the future performance. 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” 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 February 28, 2022:

Note	Number of shares/Units Held	Investment Cost	Fair Value at February 28, 2022
	#	\$	\$
<b>Public Companies</b>			
	2,000,000	500,000	260,000
	53,500	35,365	36,380
	-	-	-
<b>Private Companies</b>			
	1,250,000	150,000	150,000

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Leiiio Wellness Ltd.	500,000	175,000	316,925
<b>Investment in warrants</b>			
Public company	-	-	16,248
Private companies	-	-	-
<b>Total</b>	<b>3,803,500</b>	<b>860,365</b>	<b>779,553</b>

During the year ended February 28, 2022, the Company disposed some of its marketable securities for total proceeds of \$1,152,786 and realized a gain of \$397,606.

CWE European Holdings Ltd.

During the year ended February 28, 2021, the Company advanced \$150,000 and subscribed to 1,250,000 units of CWE European Holdings Ltd. Each unit is to consist of one common share and one share purchase warrant exercisable at \$0.25 per common share expiring two years from the date of issuance. The warrants have not been fair valued as there is no active market.

Leiiio Wellness Ltd.

On May 31, 2021, the Company subscribed for 500,000 units of Leiiio Wellness Ltd. Each unit is to consist of one common share and one half of one share purchase warrant exercisable at \$0.50 per share expiring two years from the date of issuance. The warrants have not been fair valued as there is no active market.

**Selected Annual Information**

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

	2022	2021	2020
	\$	\$	\$
Total investment income	316,794	-	-
Net loss for the year	(1,205,251)	(718,838)	(2,993,114)
Basic and diluted loss per share	(0.01)	(0.01)	(0.06)
Total assets	2,095,787	299,179	99,954

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. The net loss for the year ended February 28, 2022 included \$643,383 in share-based payment and realized gain on disposition of marketable securities of \$397,606.

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**Summary of Quarterly Results**

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

	February 28, 2022 \$	November 30, 2021 \$	August 31, 2021 \$	May 31, 2021 \$
Total investment income (loss)	229,695	377,124	(873,613)	(50,000)
Net income (loss) for the period	(463,427)	(940,668)	444,937	(246,093)
Basic and diluted (loss) income per share	(0.01)	(0.01)	0.04	(0.01)

	February 28, 2021 \$	November 31, 2020 \$	August 31, 2020 \$	May 31, 2020 \$
Total investment income (loss)	—	—	—	—
Net loss for the period	(623,642)	(24,393)	(24,393)	(24,494)
Basic and diluted (loss) income per share	(0.01)	—	—	—

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. The net loss on February 28, 2022 included a loss on fair value of marketable securities of \$80,812.

**Results of Operations**

There were no changes in operations for the year ended February 28, 2022. The Company recorded a net loss \$1,205,251 as compared to the net loss of \$718,838 for the comparable year ended February 28, 2021. Total expenses for the current year amounted to \$1,471,237 as compared to \$447,304 for the comparable year an increase of approximately \$1,024,000. The main increases in expenses can be attributed to consulting fees, marketing, professional fees and share-based payments. Consulting fees have increased to \$501,920 as compared to \$15,000 from the prior year. The increase can be attributed to an increase in fees paid to the directors and officers of the company which amounted to \$388,667 (see related parties for details) with the remaining balances to third party's social media consultation. Marketing have increased to \$165,991 from \$nil from the prior year as the Company engaged Octagon Media Corp to provide investor marketing program totaling US\$125,000. Professional fees have increased to \$81,259 from \$38,632 from the prior year due to fees charged by the lawyer for previous years transactions of which the Company under accrued. The Company also recorded \$643,383 in share-base payments in the current year as compared to \$375,816 for the comparable year. During the current year, the Company granted 2,000,000 stock options granted to directors and officers of the Company and to a consultant as compared to 6,500,000 stock options for the previous year. Share-based payment is a non-cash transaction.

During the current year, the Company recognized \$316,794 in total investment income as compared to \$nil for the previous year. The Company realized a gain on disposition of its marketable securities of \$397,606 of which the majority of the gain is from the sale of its investment in Nurosense Health Inc, which was acquired during the year. The realized gain was offset by a loss on fair value of \$80,812. The majority of the loss of fair value is on its investment in Bitcoin well Inc.

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## **Fourth Quarter**

During the fourth quarter the Company recognized a net loss of \$463,427 which is comparable to the net loss of \$623,642 for the comparable fourth quarter. The Company recognized a total investment loss of \$229,695 in the current quarter as compared to \$Nil for the comparable quarter. Total expenses for the current fourth quarter was \$217,272 as compared to \$623,642 for the comparable fourth quarter. The majority of the expenses in the comparable quarter related to the recognition of share-based payments, whereas in the current fourth quarter was related to legal fees and consulting fees paid to directors and officers of the Company.

## **Liquidity and Capital Resources**

As at February 28, 2022, the Company had cash of \$1,296,097 and a working capital deficit of \$38,474.

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 February 28, 2022. 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 \$497,002 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 0.26%, dividend yield of 0%, volatility of 274%, and expected life of 2 years. The Company paid a 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 \$44,571 using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.13% to 0.20%, dividend yield of 0%, volatility of 244% to 224% and expected life of 1 year.

During the year ended February 28, 2022, 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 \$667,731 from warrant reserves.

During the year ended February 28, 2022, the Company issued 2,100,000 common shares for proceeds of \$126,000 pursuant to the exercise of stock options. The Company transferred \$121,417 from share-based payment reserves.

### **Operating activities**

During the year ended February 28, 2022, the Company's operating activities used cash of \$897,966 as compared \$180,150 used in February 28, 2021.

### **Investing activities**

During the year ended February 28, 2022, the Company used \$312,759 in investing activities as compared to \$150,000 for February 28, 2021. The Company invested \$1,465,545 in marketable securities less \$1,152,786 from proceeds on sale of marketable securities.

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**Financing activities**

During the year ended February 28, 2022, the Company's financing activities were provided by \$2,378,401 consisted of share issuances of \$2,656,250 less share issuance costs of \$31,849 and \$246,000 in loan repayment as compared to \$96,000 in proceeds from loans payable, \$285,000 from share issuances less \$4,340 in share issuance costs for the comparable year ended February 28, 2021.

**Related Party Transactions**

- (a) As at February 28, 2022, the Company owed \$21,000 (2021 - \$15,000) to 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, 2022, the Company incurred \$76,750 (2021 - \$15,000) in consulting fees to a company controlled by the Chief Financial Officer of the Company.
- (b) During the year ended February 28, 2022, the Company incurred \$121,000 (2021 - \$nil) in consulting fees to the Chief Executive Officer of the Company.
- (c) During the year ended February 28, 2022, the Company incurred \$135,417 (2021 - \$nil) in consulting fees to the former Chief Executive Officer of the Company.
- (d) During the year ended February 28, 2022, the Company incurred \$55,500 (2021 - \$nil) in consulting fees to a director of the Company.
- (e) During the year ended February 28, 2022, the Company granted 2,000,000 (2021 - 2,000,000) stock options with a fair value of \$80,285 (2021 - \$115,636) to officers and directors of the Company.

On April 1, 2021, the Company entered into a Consulting Agreement (the "Agreement") with the Interim CEO and director which is effective up to and including December 31, 2024. Pursuant to the Agreement, the Company agreed to pay the consultant \$120,000 per annum and will be entitled to two types of bonuses. The interim 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 which does not exceed 10%.

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).

Investments in public companies are classified as fair value through profit or loss and measured at fair value using level 1 and investments in private companies are measured at fair value using level 3 inputs. The Company's investment in warrants are measured at fair value using Level 2 inputs. The

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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 nature 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 28, 2021.

### **Subsequent to February 28, 2022:**

The Company extended the expiry date on the 18,800,000 share purchase warrants from May 23, 2022 to May 23, 2023 and 262,320 Agent's warrants expired unexercised on April 14, 2022.

2,800,000 stock options expired unexercised.

## **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 audited financial statements for the year ended February 28, 2022 to which this MD&A relates.

**Disclosure of Outstanding Share Data**

**Share Capital**

As at the date of the MD&A, the Company has 104,923,325 shares issued and outstanding.

**Stock Options**

As at the date of the MD&A, the Company has 4,400,000 stock options outstanding.

**Share Purchase Warrants**

As at the date of the MD&A the Company has 23,952,834 share purchase warrants outstanding.