Fireswirl

Technologies Inc.

Management Discussion and Analysis

For the year ended December 31, 2019

April 29, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with Fireswirl Technologies Inc.'s ("Fireswirl" or the "Company") audited consolidated financial statements and the accompanying notes for the year ended December 31, 2019. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

Additional information about the Company is available on SEDAR at (www.sedar.com) under Fireswirl Technologies Inc. and on the Company website at www.fireswirl.com.

Special Note Regarding Forward Looking Statements

This MD&A contains certain forward looking statements which reflect management's expectations regarding the Company's growth, results of operations, performance and business prospects and opportunities.

Statements about the Company's future plans and intentions, results, level of activities, performances, achievements or other future events constitute forward looking statements. Whenever possible, words such as "anticipate", "estimate", "may", "will", "could", "should", "expect", "plan", "intend", "believe", "estimate", "potential" or similar words, have been used to identify these forward looking statements.

The Company cautions that the forward-looking statements reflect the current views and/or expectations of the Company with respect to its performance, business, and future events. Investors are cautioned that all forward looking statements involve risks, uncertainties and assumptions, including, without limitations: those relating to a limited operating history; an uncertain regulatory environment; a competitive environment, internet viability and system infrastructure and reliability; dependence on key personnel and foreign exchange fluctuations. These risks may cause the Company's actual results to differ materially from those projected in the forward looking statements. The Company does not undertake any obligations to release publicly any revisions for updating any voluntary forward looking statements.

Factors which could cause results or events to differ from current expectations include, among other things, the impact of government legislation, the impact of competition, the ability of the Company to retain and attract qualified professionals, the impact of rapid technological and market changes, loss of business or credit risk with current and perspective major customers, general industry and market conditions, growth rates, and currency rate fluctuations. The Company disclaims any intentions or obligations to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as required by law. No assurance can be given that actual results, performance or achievement expressed or implied by the forward looking statements within this disclosure will occur, or if they do, that any benefits can be derived from them.

Past performance has been considered in drawing conclusions with respect to the forward looking statements contained in this MD&A.

OVERVIEW

Fireswirl Technologies Inc. (NEX: FSW.H), "the Company", was founded in 1999 and operated as a software development and project management company specializing in payment platforms and online gaming software for the internet. In 2006, the Company became a publicly listed company through a reverse takeover and a $3.2 million equity financing accompanying its qualifying transaction.

In 2007, the Company formed its first wholly owned subsidiary in China to explore the rapidly emerging market. The Company increased its business presence in China gradually.

In 2009, the Company successfully completed its acquisition of 50% of all rights and interests of Beijing Xingchang Xinda Technology Development Co., Ltd. ("XCXD"), an e-commerce outsourcing and fulfillment solution provider in China, in consideration for 6,058,673 common shares of the Company. Fireswirl had majority voting rights and majority board control over XCXD according to the agreements related to the transaction.

In 2015, the Company completed the sale of its Shenzhen e-commerce platform for $6,225,000 net of working capital adjustment. The Shenzhen e-commerce platform included: (i) equipment with carrying value of $24,615; and (ii) goodwill, intellectual property, and customer lists and contracts with carrying value of $nil. In conjunction with this transaction, the Company's then chief executive officer, Mr. Tony Lau ("Mr. Lau") was required to resign and join the purchaser as an employee.

On February 29, 2016, the Company entered into a purchase and sale agreement (the "Agreement"), pursuant to which the Company agreed to sell its controlling interest in XCXD to the non-controlling interest shareholders of XCXD in consideration for an aggregate of 6,058,673 common shares of the Company held by its non-controlling interest shareholders (the "Purchasers") and cash in the amount of RMB5,000,000 (equivalent to $965,009) (the "Advances") in exchange for a full settlement of XCXD's outstanding indebtedness to the Company and its subsidiaries. An amendment to the Agreement was signed on April 5, 2016 to extend the closing date to December 31, 2016.

In December 2016, the Company again realized that the transactions contemplated by the Agreement would not close on December 31, 2016, as the Purchaser would not be able to repay all the Advances. The Agreement was again amended on December 31, 2016 and April 30, 2017 to extend the closing date.

The sale of the Company's interest in XCXD was completed on May 31, 2017. The Company received the Consideration Shares and partial repayment of the Advances. Of the Advances, RMB3,500,000 (approximately $675,500) was received (of which RMB1,300,000 was received by December 31, 2016, RMB1,700,000 was received during the three months ended March 31, 2017 and RMB500,000 was received in May 2017) and RMB1,500,000 (approximately $289,500) was written off by the Company. The Consideration Shares returned to the Company were cancelled in May 2017.

The Company ceased its effective control over XCXD on January 1, 2017 after its second amendment to the Agreement in December 2016. During the negotiation with XCXD's non-controlling interest shareholders to establish the second amendment to the agreement, it was renegotiated that the settlement amount is to be revised to RMB 3,500,000. As a result of signing the second amendment, XCXD management deemed that its obligation to share further corporate strategy updates and accounting records were ceased starting with the new fiscal year on January 1, 2017. Control existed when the Company was exposed, and had the rights, to variable returns from its involvement with XCXD and had the ability to affect those returns. Given that the Company was no longer involved in the operations of XCXD, control ceased on January 1, 2017.

As at December 31, 2016, the Company's interest in XCXD was reported as assets and liabilities held for sale in the Company's statement of financial position. The operating results of XCXD for each quarter of 2016 and for the year ended December 31, 2016 were reported as discontinued operations. A loss from the sale of XCXD was also reported during the fourth quarter of 2016 to recognize the fair value of the Company's investment in XCXD.

On February 3, 2017, the Company entered into a share purchase agreement, pursuant to which the Company agreed to purchase an aggregate of 60% equity interest in AMZON (HK) Limited ("AMZON") for a total of HK$7.2 million (approximately $1.2 million) in three payment dates. The closing date is each of the first, second and third payment date. On March 16, 2017, the Company completed the first payment in the amount of HK$4.8 million (approximately $823,560) and acquired 40% of the equity interest in AMZON (the "First Payment Date"). On April 21, 2017, the Company completed the second payment in the amount of HK$1.2 million (equivalent to $208,438) and acquired additional 10% of the equity interest in AMZON (the "Second Payment Date"). On May 15, 2017, the Company completed the final payment in the amount of HK$1.2 million (equivalent to $210,175) and acquired the final 10% of the equity interest in

AMZON. AMZON is a private company incorporated pursuant to the laws of Hong Kong Special Administrative Region of China and is in the business of providing multimedia and interactive marketing solutions, specializing in three dimensional visualizations, computer graphics and digital design.

On December 31, 2018, the Company decided to make available for sale all of its interest in AMZON (HK) Limited and Fireswirl Asia Ltd. Assets and liabilities, and the annual operating results for both subsidiaries, as well as Fireswirl Technologies (Shenzhen) Co. Ltd and Fireswirl Technologies (Beijing) Co. Ltd of which 100% interest were held by Fireswirl Asia Ltd., were included in discontinued operation results.

On January 15, 2019, the Company consolidated its common shares on a basis of 50 old shares to 1 new share.

In March 2019, the Company's subsidiary Fireswirl Technologies (Shenzhen) Co. Ltd. was dissolved.

On May 23, 2019, the Company completed the debt settlement described in its news release of April 18, 2019. The Company issued an aggregate of 1,612,034 common shares at a fair market price of $0.22 per share to settle outstanding debt totaling $217,624.97.

On July 12, 2019, the Company sold its 60% equity interest in Amzon (HK) Limited for nominal consideration. The company had substantially impaired the value of its AMZON interest on its books as at the year ended December 31, 2018 and recorded the interest as an asset held for sale. The Company currently does not have an active business and is looking for new business opportunities.

In accordance with TSX Venture Exchange Policy 2.5, the company has not maintained the requirements for a TSX Venture Exchange Tier 2 company. Therefore, effective July 22, 2019, the company's listing transferred to the NEX. As of July 22, 2019, the company is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies. The trading symbol for the company will change from FSW to FSW.H.

FOURTH QUARTER HIGHLIGHTS

- For the three months ended December 31, 2019 ("Q4 2019"), total loss was $69,198 for the continuing operations and total loss was $164,770 for the discontinued operations.

SELECTED QUARTERLY FINANCIAL DATA

The following table sets out selected unaudited financial information of the Company on a consolidated basis for the last eight quarters.

Three Months Ended	Total Revenue included in Discontinued operations ($)	Profit or (Loss) for the total of continued and discontinued operations	
		Total ($)	Per Share ($)(1)(2)
December 31, 2019	-	(233,968)	(0.02)
September 30, 2019	-	731,047	$0.28
June 30, 2019	$23	13,394	0.01
March 31, 2019	$6,538	(124,055)	(0.08)
December 31, 2018	(862)	(139,946)	(0.10)
September 30, 2018	35,398	(162,282)	(0.15)
June 30, 2018	-	(292,958)	(0.27)
March 31, 2018	130,761	(211,288)	(0.22)

FINANCIAL RESULTS

Continuing operations

Operating Expenses

Total operating expenses for the continuing operations for the year ended December 31, 2019 was $210,791 compared to $416,831 for the year ended December 31, 2019.

Total operating expenses for the continuing operations for the three months ended December 31, 2019 was ($7,782) compared to $54,281 for the three months ended December 31, 2018.

Operating expenses consisted of general administration expenses, and sales and market expenses which are explained below.

General Administration

General administration expenses for the continuing operations decreased by $163,049 to $210,791 for the year ended December 31, 2019 compared to $373,840 for the year ended December 31, 2018.

General administration expenses for the continuing operations decreased by $56,570 to ($7,782) for the three months ended December 31, 2019 compared to $48,788 for the same period in 2018.

The decrease was mainly due to the decrease of general administration activities and cost reduction initiatives in the continuing operations.

Sales and Marketing

Sales and marketing expenses for the continuing operations decreased by $42,991 to $nil in for the year ended December 31, 2019 compared to $42,991 for the year ended December 31, 2018.

Sales and marketing expenses for the continuing operations decreased by $5,493 to $nil in for the three months ended December 31, 2019 compared to $5,493 for the same period in 2018.

This decrease was a result of reducing the activities due to the disposal of operating subsidiaries in 2019.

Discontinued operations

Revenue

The Company reported total discontinued operating revenue of $6,561 for the year ended December 31, 2019 compared to $165,297 for the year ended December 31, 2018.

The Company reported total discontinued operating revenue of $nil for the three months ended December 31, 2019 compared to (862) for the same periods in 2018.

This decline in discontinued operating revenue was primarily attributed to the reason that entity in HK was disposed of during the year ended December 31, 2019.

Cost of sales

Cost of sales is presented as delivery charges and technical service charges and other related expenses under operating expenses according to their nature.

The cost of sale reported in discontinued operations was $4,710 for year ended December 31, 2019 compared to $52,465 for the year ended December 31, 2018.

The cost of sale reported in discontinued operations was $nil for three months ended December 31, 2019 compared to $199 for the same periods in 2018.

The decrease of cost of sales was consistent with the decrease of operating revenue.

Operating Expenses

Total operating expenses for the discontinued operations decreased by $329,685 to $151,658 for the year ended December 31, 2019 compared to $481,343 for the year ended December 31, 2018.

Total operating expenses for the discontinued operations decreased by $24,224 to $38,370 for the three months ended December 31, 2019 compared to $62,594 for the same period in 2018.

Operating expenses consisted of general administration expenses, and sales and market expenses which are explained below.

General Administration

General administration expenses for the discontinued operations decreased by $326,738 to $134,429 for the year ended December 31, 2019 compared to $461,167 for the year ended December 31, 2018.

General administration expenses for the discontinued operations decreased by $23,713 to $38,370 for the three months ended December 31, 2019 compared to $62,083 for the same period in 2018.

The decrease was mainly due to decrease of general administration expenses incurred by AMZON.

Sales and Marketing

Sales and marketing expenses for the discontinued operations decreased by $2,947 to $17,229 in for the three months ended December 31, 2019 compared to $20,176 for the year ended December 31, 2018.

Sales and marketing expenses for the discontinued operations decreased by $511 to $nil in for the three months ended December 31, 2019 compared to $511 for the same period in 2018.

Net Loss from discontinued operations

Fireswirl Asia Ltd, AMZON (HK) Limited, Fireswirl Technologies (Shenzhen) Co. Ltd. and Fireswirl Systems Inc were classified as discontinued operations for the year ended December 31, 2019 and December 31, 2018. The Company reported a net gain from discontinued operations of $635,159 for the year ended December 31, 2019 compared to a loss of $382,660 for the year ended December 31, 2018. The decrease in net loss is mainly due to the gain on the disposal of subsidiaries of $419,015, gain on settlement of debt of $88,623 and the decrease of sales and operating activities in discontinued operations during the year ended December 31, 2019.

The Company reported a net loss from discontinued operations of $164,770 for the three months ended December 31, 2019 compared to a loss of $83,460 for the three months ended December 31, 2018. The increase in net loss is mainly due to the year-end accounting adjustment on the gain on settlement of debt and gain on the disposal of subsidiaries during the three months ended December 31, 2019.

Net Loss from continuing operations

The Company reported a net loss from continuing operations of $248,741 for the year ended December 312019 compared to loss of $423,814 for the year ended December 31, 2018.

The Company reported a net loss from continuing operations of $69,198 for the three months ended December 31, 2019 compared to loss of $56,486 for the three months ended December 31, 2018.

The decrease of loss from continuing operations is because the gain on settlement of debt relating to disposition of the subsidiaries during the year ended December 31, 2019.

Total net loss

The Company reported a net income of $386,418 and net loss of $233,968, respectively, for the year and three months ended December 31, 2019 compared to a net loss of $806,474 and $139,946, respectively, for the same periods in 2018.

CASH FLOW STATEMENTS

Operating Activities

Cash used in operating activities from continuing operations was $164,803 and cash used in operating activities from discontinued operations was $43,836 for year ended December 31, 2019.

Investing Activities

Cash provided by investing activities from continuing operations was $125,000 and cash used in investing activities from discontinued operations was $nil for the year ended December 31, 2019.

Financing Activities

There was no cash flows in financing activities from continuing operations or discontinued operations for the year ended December 31, 2019.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2019, 2018 and 2017. Balances in below were results combined with both continued and discontinued operations during each year.

	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2017
Total revenue	$6,561	$165,297	$290,784
Net (loss) from continuing operations	$(248,741)	$(423,814)	$(1,852,244)
Gain (loss) from discontinued operations	$635,159	$(382,660)	$(775,492)
Net income (loss)	$386,418	$(806,474)	$(2,627,736)
Net loss per share (basic and diluted)	$0.20	$(0.74)	$(2.49)
	As at December 31, 2019	**As at December 31, 2018**	**As at December 31, 2017**
Total assets	$26,120	$61,305	$476,979

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2019, the Company had total liabilities of $242,741. The Company had $8,586 in cash and cash equivalents and working capital (defined as current assets less current liabilities) deficiency of $216,621. Contractual commitments are summarized in the "Contractual Obligations" section of this MD&A. To the extent the Company is unable to cover its ongoing cash requirements through operations, the Company expects to raise additional equity financing to cover any shortfall. There can be no assurance that such financing and profitability will occur in the amounts and within terms expected.

The Company does not have commitments for capital expenditures as of December 31, 2019. The Company's capital resources consist of common share, contributed surplus, accumulated other comprehensive income and accumulated deficit.

CONTRACTUAL OBLIGATIONS

The Company entered into a rental agreement for its office in China with future aggregate minimum lease payment of $3,403 that expired in May 2019.

RELATED PARTY TRANSACTIONS

The related party transactions are in the normal course of operations and are measured and recorded at the exchange amount of consideration agreed between the related parties. Related party transactions not disclosed elsewhere in these consolidated financial statements are listed below:

a) Due to related parties

	December 31, 2019	December 31, 2018
Due to a director of AMZON(i)	-	185,039
Amounts due to directors and officers included in accounts payable	$ -	$ 252,845

(i) Amount due to a director of AMZON is unsecured, non-interest bearing and has no specific repayment date.

b) Key management compensation

Key management includes directors (executive and non-executive), chief executive officer and chief financial officer of the Company. The compensation paid or payable to key management personnel during the years ended December 31, 2019 and 2018 is as follows:

Nine months ended September 30,		2019		2018
Salaries and fees:				
-Salaries and consulting fees	$	82,500	$	300,000
- Director fees		-		16,000
		82,500		316,000
Share-based compensation		-		6,693
Total	$	82,500	$	322,693

Key management personnel were not paid post employment benefits or other long-term benefits during the year ended December 31, 2019. As at December 31, 2019, the Company owed $85,500 (December 31, 2018 - $nil) to two directors which was included in the accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed term of repayment.

CHANGES IN ACCOUNTING POLICIES

IFRS 16, Leases ("IFRS 16")

The Company adopted IFRS 16 which sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The adoption did not result in any impact on the financial statements as the Company did not have any lease during the periods presented.

As at the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the “right-of-use” asset) unless the underlying asset has a low value or the lease term is twelve months or less, which are expensed in the period incurred. At this date, the right-of-use asset is measured at cost, which includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. The right-of-use asset is then depreciated using the straight-line method from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. The right-of-use asset may also be reduced for any impairment losses, if any.

At the lease commencement date, the lease liability is measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate, which is the rate the Company would pay for similar assets at similar locations over a similar term. The lease liability is measured at amortized cost using the effective interest method.

OFF BALANCE SHEET ARRANGEMENT

As at December 31, 2019 and the date of this report the Company has not entered into any off balance sheet arrangements.

FINANCIAL INSTRUMENTS

a) Fair value

Fair value is the amount at which a financial instrument could be exchanged between willing parties based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on present value and other valuation techniques using rates that reflect those that the Company could currently obtain, on the market, for financial instruments with similar terms, conditions and maturities.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the observable inputs used to value the instrument:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The Company's financial assets include cash and cash equivalents which are classified as FVTPL. The Company's financial liabilities include accounts payable and accrued liabilities which are all classified at amortized cost.

The fair values of cash and cash equivalents and accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the short-term nature of these instruments. As at December 31, 2019, the Company did not have financial liabilities measured at fair value on a recurring basis.

b) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalent, restricted cash, trade receivable and due from a related party.

The Company limits its exposure to credit risk on cash and cash equivalents by depositing only with reputable financial institutions. Maximum credit risk related to cash and cash equivalents amounted to $8,586 at December 31, 2019 (December 31, 2018 - $4,553).

c) Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company uses the Canadian dollar as its reporting currency for these consolidated financial statements. The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company is exposed to foreign exchange rate when the Company undertakes transactions and hold assets and liabilities in currencies other than its functional currencies. The Company currently does not use derivative instruments to hedge its exposure to those risks. As at December 31, 2019, the Company is subject to immaterial currency risk as it did not have material assets or liabilities held in currencies other than its functional currencies.

d) Interest risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest risk as at December 31, 2019.

e) Liquidity risk

The purpose of liquidity risk management is to maintain a sufficient amount of cash and cash equivalents. Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost.

As at December 31, 2019, the Company had total debt in the amount of $242,741 due within 12 months (December 31, 2018 - $990,583) and $216,621 of working capital deficiency (December 31, 2018 - working capital deficiency of $932,313).

OUTSTANDING SHARE CAPITAL

As at the date of this report, the Company had 2,682,286 common shares, 46,000 stock options outstanding and exercisable. If all of the Company's exercisable options were exercised, the Company would have 2,728,286 common shares outstanding.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2019 and this accompanying MD&A (together, the "Interim Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

Important risks factors that could cause actual results, performance or achievements to be materially different than past performance or those implied by forward looking statements include:

Liquidity Concerns and Future Financings

The Company will require significant funding in connection with the identification and evaluation of business opportunities and its ongoing operational expenses. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone or slow down the identification and evaluation of business opportunities or reduce or terminate some or all of its activities.

Dilution Risk

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares. The Company may issue, among other things, an unlimited number of common shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The size of future issues of commons shares or securities convertible into common shares or the effect, if any, that future issues and sales of the common shares will have on the price of the common shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

No Revenues

The Company's operating expenses may increase in subsequent years in relation to the engagement of consultants and personnel associated with the identification and evaluation of business opportunities. The Company expects to continue to incur losses for the foreseeable future. There can be no assurance that the Company will generate any revenues or achieve profitability from any business opportunity identified or evaluated.

Competition

The Company competes with many other companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to identify and evaluate desired business opportunities, recruit or retain qualified employees or acquire the capital necessary to fund its operations and act upon any identified business opportunity. The Company's inability to compete with other companies for these resources would have a material adverse effect on the Company's results of operation and business.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting such participation.

Dividends

To date, the Company has not paid any dividends on its outstanding securities and does not expect to do so in the foreseeable future. Any decision to pay dividends on the common shares will be made by the board of directors on the basis of the Company's earnings, financial requirements and other conditions.

Litigation

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

SUBSEQUENT EVENT

CORONAVIRUS (COVID-19)

Subsequent to year-end, there was a global pandemic outbreak of COVID-19. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations. Management have given consideration as to the impact of COVID-19 on the Company and concluded that the financial statements appropriately reflect and disclose management's best estimate and uncertainty regarding the impact of COVID-19 on the Company's future operations and financial results. We have reviewed the financial statement disclosures of the potential impact of COVID-19 on the Company's future operations and financial results and believe it is appropriate.