

Omni Commerce Corp.
(formerly Mezzi Holdings Inc.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine-months period ended January 31, 2019

(Expressed in Canadian Dollars)

This Management's Discussion and Analysis ("MD&A") prepared as at March 28, 2019, reviews the financial condition and results of operations of Omni Commerce Corp. ("Omni", or the "Company"), for the three and nine-months periods ended January 31, 2019 and all other material events up to the date of this report. The following discussion should be read in conjunction with the Company's April 30, 2018 annual audited consolidated financial statements and related notes together with the Management's Discussion and Analysis and the unaudited condensed interim consolidated financial statements and related notes for the three and nine-months period ended January 31, 2019.

The financial data included in the discussion provided in this report has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC"). All dollar amounts are in Canadian dollars, unless otherwise noted.

The Company's certifying officers are responsible for ensuring that the annual audited consolidated financial statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company's officers certify that the unaudited condensed interim consolidated financial statements and MD&A fairly present, in all material respects, the financial condition, results of operations and cash flows, of the Company as the date hereof.

DESCRIPTION AND OVERVIEW OF BUSINESS

On March 28, 2018, the Company announced its intentions to change its name from Mezzi Holdings Inc. ("Mezzi") to Omni Commerce Corp. ("Omni"). With the name change, the Company also applied to change the trading symbol for its common shares listed on the TSX-V from MZI to OMNI.

On July 30, 2018 the Company entered into a binding letter agreement (the "Agreement") with PureKana LLC ("PureKana"), a limited liability company organized under the laws of the State of Arizona, and with Cody Alt and Jeff Yauck (together, the "Members"), pursuant to which the Company has agreed to acquire 100% of the outstanding membership interests in PureKana from the Members (the "Transaction").

Pursuant to the terms of the Agreement, the Company will acquire 100% of the outstanding membership interests in PureKana in exchange for the issuance of an aggregate of 25,333,334 Shares (on a post-Consolidation (as defined herein) basis) (the "Consideration Shares") and an aggregate cash payment of USD\$4.6 million (the "Cash Consideration") to the Members. In addition, terms of the Agreement requires the Company to issue up to an additional 12 million Shares, on a post-Consolidation basis, to the Members upon the achievement of certain sales-based milestones. In conjunction with the acquisition of PureKana, the Company has voluntarily delisted from the TSX-V and has made an application to have the Company's common shares to be listed on the Canadian Securities Exchange ("CSE"). Completion of the Transaction will be subject to the satisfaction of various conditions, including the completion of the Concurrent Financing (as defined herein), the completion of the Consolidation, the satisfaction or waiver of all applicable conditions precedent, and the receipt of conditional approval from the CSE for the proposed listing of the Company's shares on the CSE.

Terms of the Agreement also include an Alternative Transaction Fee clause whereby any breach or failure to perform any covenant or agreements of the Agreement resulting in the transaction not being consummated would result in the payment of liquidated damages incurred by the other party.

In conjunction with Agreement, the Company will also complete a consolidation of the Shares on the basis of one post-consolidation Share for each four pre-consolidation Shares (the "Consolidation"). As at the date of this MD&A, there are 40,598,202 Shares outstanding, there are expected to be approximately 10,149,551 Shares outstanding following the completion of the Consolidation, but prior to giving effect to the issuance of the Share Consideration and the completion of the Concurrent Financing.

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As at the period ended January 31, 2019 the Company has concluded not to pursue the Purekana transaction and has written off the investment.

On June 20, 2018, the Company acquired 1,000,000 shares of Cultivate Capital Corp. ("Cultivate Capital") for \$100,000. Cultivate Capital is a private Calgary, AB based company connecting cannabis business owners with investors to provide financing options.

On May 1, 2017, the Company had completed an investment and acquisition of a majority stake of Mekenix Commerce Inc. ("Mekenix"). Mekenix is an e-commerce sales firm that partners with compelling brands to manage and execute their e-commerce sales channels. Pursuant to the transaction, the Company issued 765,000 common shares in exchange for a 51% ownership stake in Mekenix. Subsequent to the transaction, the Company entered into an agreement with Mekenix whereby the Company would sell its acquired 51% stake back to shareholders of Mekenix for a cash consideration of \$105,000.

On November 24, 2017, the Company had announced that it had entered into a non-binding letter of intent to make an initial investment in a private blockchain technology company that has applications for the Company's core business at that time, e-commerce. No definitive documentation were signed by the parties and subsequently, the parties mutually agreed to terminate the letter of intent.

On August 17, 2017, Omni announced it had received TSX Venture Exchange approval for a 10:1 share consolidation of the Company's 92,730,980 outstanding common shares, resulting in 9,273,098 post-consolidated shares outstanding. All shares and per share amounts have been shown on a post-consolidated basis retroactively throughout this MD&A.

RESULTS OF OPERATIONS

Loss for the period

For the three and nine-months period ended January 31, 2019, the Company recognized a net loss of \$546,156 and \$1,236,898, respectively compared to net losses of \$244,862 and \$662,166 for the three and nine-months period ended January 31, 2018. The increased loss can be attributed to an increase in management and professional fees as the company increases activity in relation to the proposed acquisitions.

Consulting fees for the three and nine-months period ended January 31, 2019, were \$232,000 and \$595,172, respectively compared to \$204,271 and \$417,899 for the comparable three and nine-months period ended January 31, 2018. The increase for the current periods can be attributed to a one-time payment of \$162,000 to the now former CEO of the Company for the additional advisory work on the proposed acquisitions.

Office expenses for the three and nine-months period ended January 31, 2019, were \$50,970 and \$134,193, respectively compared to \$39,400 and \$127,338 for the comparable three and nine-months period ended January 31, 2018. The increase in the overall office expenses is primarily due to increase in rent expense and corporate activity.

Professional fees for the three and nine-months period ended January 31, 2019, were \$43,260 and \$230,803, respectively compared to negative \$ 9,445 and expenses \$79,392 for the comparable three and nine-months period ended January 31, 2018. The increased costs can be attributed to legal work necessary to transition the Company from the TSX-V to the CSE and for consultation regarding various investments the Company is considering.

Salaries for the three and nine-months period ended January 31, 2019, were \$nil and \$nil, respectively compared to a recovery of \$2,329 and expenses of \$26,848 for the comparable three and nine-months period ended January 31, 2018. The Company had terminated the staff as it discontinued its luxury brand and fashion accessories business.

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Shareholder communication for the three and nine-months period ended January 31, 2019, were \$nil and \$nil, respectively compared to \$nil and \$40,859 for the comparable three and nine-months period ended January 31, 2018. The decrease was a result of the termination of certain monthly corporate advisory services that were present during most of the comparative period.

Share-based payments for the three and nine-months period ended January 31, 2019, were \$nil and \$nil, respectively compared to \$nil and \$104,763 for the comparable three and nine-months period ended January 31, 2018. The decreased cost can be attributed to no options being granted in the current year while there were 410,000 options granted during the prior year.

Transfer agent and regulatory fees for the three and nine-months period ended January 31, 2019, were \$3,342 and \$18,506, respectively compared to \$10,802 and \$22,586 for the comparable three and nine-months period ended January 31, 2018. The decreased cost can be attributed to less financing activities and the related associated fees.

Travel and accommodation expenses for the three and nine-months period ended January 31, 2019, were \$14,281 and \$52,844, respectively compared to \$5,370 and \$9,255 for the comparable three and nine-months period ended January 31, 2018. The increased costs can be attributed to activities associated with promoting the Company to potential investors abroad with the hope of securing future financing and the performing due diligence visits regarding potential investments.

During the year ended April 30, 2018, management decided to cease its luxury brand and its consulting business. The luxury brand business consisted of luxury leather goods, premium luggage cases, and hand-made eyewear. As a result, the net income for the three and nine-months periods ended January 31, 2019 was a loss of \$10,976 and income of \$126,407 respectively are disclosed as discontinued operations and separately presented.

During the period ended January 31, 2019, the Company recognized a gain of \$20,000 on the settlement of debt. The debt was related to fees charged for professional services from prior years. The Company also recorded a loss of \$17,400 related to the mark-to-market losses on its marketable securities. The Company also recorded a bad debt expense on an outstanding receivable that is currently being re-negotiated along with a write-off of \$130,040 related to the Purekana investment which is no longer being pursued.

SUMMARY OF QUARTERLY RESULTS

Selected financial information for the eight most recently completed quarters are as follows:

	Revenue	Earnings/ (Loss)	Basic and Diluted Loss/Share
January 31, 2019	\$ -	\$ (546,156)	\$ (0.01)
October 31, 2018	\$ -	\$ (330,713)	\$ (0.01)
July 31, 2018	\$ -	\$ (360,029)	\$ (0.01)
April 30, 2018	\$ (14,054)	\$ (2,156,897)	\$ (0.08)
January 31, 2018	\$ (2,671)	\$ (244,862)	\$ (0.01)
October 31, 2017	\$ 30,050	\$ (233,339)	\$ (0.03)
July 31, 2017	\$ 24,737	\$ (183,965)*	\$ (0.03)
April 30, 2017	\$ (729,072)	\$ (904,031)	\$ (0.15)

* During the three month period ended July 31, 2017, the Company completed the acquisition of a 51% interest in Mekenix Commerce Inc. The acquisition of Mekenix was initially accounted for as a business combination; this resulted in the Company recognizing an intangible asset (goodwill) of \$216,770 as a result of the transaction. It was later determined that the transaction

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did not meet the definition of a business in accordance with IFRS 3 *Business Combination* and as such, the acquisition of Mekenix was reclassified as an asset acquisition; the goodwill initially recorded by the Company was reclassified as a transaction cost during the fourth quarter of the fiscal year ended July 31, 2018.

Omni has seen fluctuating revenues over the last eight quarters; this is a result of the Company undergoing a refocus of its core business and as such, historical financial information are not comparable on a quarter-to-quarter basis.

Up until the three month period ended October 31, 2017, the Company's primary focus was the sale and distribution of various consumer products and fashion accessories including the MEZZI Smart Luxury brand and Capital Eyewear. MEZZI Smart Luxury is a brand of luxury handbags that integrates wearable technologies and has been the primary brand of focus since 2015. Capital Eyewear is a boutique eyewear brand that designed and manufactured eyewear.

On March 28, 2018, the Company announced its intentions to change its name and rebrand the business. Since this time the Company has pursued various business opportunities with an increase in consulting costs and professional fees with conducting due diligence and transitioning from the TSX-V to the CSE.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of funding continues to be through the issuance of equity securities for cash. The Company's access to financing is always uncertain.

In order to finance the acquisition of assets or a business and to fund corporate overhead, the Company has historically been dependent on investor sentiment remaining positive towards the junior companies, and towards Omni in particular, so that funds can be raised through the sale of the Company's securities. Many factors have an influence on investor sentiment, including a positive climate from investors to support junior companies, a company's track record and the experience and calibre of a company's management. There is no certainty that equity funding will be available at the times and in the amounts required to fund the Company's activities. The financial statements do not include any adjustments that might result from these uncertainties.

Debt financing has not been used to fund asset and business acquisitions, and the Company has no current plans to use such financing. There are no other sources of financing that have been arranged by the Company.

As at January 31, 2019 the Company had working capital of \$2,710,522 as compared to a working capital of \$3,701,500 at April 30, 2018. The decrease can be attributed to the general overhead expenditures incurred.

The Company has no commitments for capital expenditures.

Cash and Financial Conditions

The Company had a cash balance of \$2,534,954 as at January 31, 2019 as compared to a cash balance of \$3,899,419 as at April 30, 2018.

The decrease in cash can be attributed to the various investments the Company is currently involved in and payment of consulting and professional fees related to the assessment of these proposed opportunities and the transitioning from the TSX-V to the CSE. During the period ended January 31, 2019, the Company invested \$230,000 in potential investments.

The Company does not have any unused lines of credit or other arrangements in place to borrow funds and has no off-balance sheet arrangements.

The Company does not use hedges or other financial derivatives.

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Investing Activities

During the period ended January 31, 2019, the Company acquired 1,000,000 shares of Cultivate Capital Corp. ("Cultivate Capital") for \$100,000. Cultivate Capital is a private Calgary, AB based company connecting cannabis business owners with investors to provide financing options.

During the period ended January 31, 2019, the Company entered into a binding letter agreement (the "Agreement") with PureKana LLC ("PureKana"), a limited liability company organized under the laws of the State of Arizona, and with Cody Alt and Jeff Yauck (together, the "Members"), pursuant to which the Company has agreed to acquire 100% of the outstanding membership interests in PureKana from the Members (the "Transaction").

Terms of the Agreement required the Company to pay a non-refundable deposit of USD\$100,000 in connection with the Transaction; this amount was paid during the period ended January 31, 2019.

During the year ended April 30, 2018;

- the Company had completed the acquisition of a majority interest of Mekenix Commerce Inc. ("Mekenix"). Mekenix is an e-commerce sales firm that partners with businesses to manage and execute their e-commerce sales channels. Pursuant to the transaction, the Company issued 765,000 common shares with a fair value of \$229,500 as consideration for a 51% ownership interest in Mekenix.
- the Company sold its 51% stake back to shareholders of Mekenix for a cash consideration of \$105,000.
- the Company also invested \$30,000 in 120,000 common shares of Ashanti Gold Corp. ("Ashanti"). During the year ended April 30, 2018, the Company determined that the decline in value of Ashanti shares was significant and prolonged, and accordingly, recorded an impairment of \$7,200 in the statement of loss and comprehensive loss.

As at the period ended January 31, 2019 the Company has concluded not to pursue the Purekana transaction and has written off the investment.

Financing Activities

During the period ended January 31, 2019, the Company issued 1,000,000 common shares on the exercise of 1,000,000 warrants for proceeds of \$100,000.

During the year ended April 30, 2018;

- the Company closed a private placement for 7,000,000 units at a price of \$0.075 per unit for total gross proceeds of \$525,000. Each unit consists of one common share of the Company and one common share purchase warrant. In connection with the private placement, the Company issued 391,622 finder's warrants exercisable into one additional common share at a price of \$0.10 for a period of 24 months. The finder's warrants were assigned a value of \$39,622. In addition, the Company incurred share issuance costs of \$77,132.
- the Company closed a private placement for 22,510,104 units, with 20,760,104 units at a price of \$0.22 per unit and 1,750,000 at \$0.20 for total gross proceeds of \$4,917,223. Each unit consists of one common share of the Company and one half of one common share purchase warrant. In connection with the private placement, the Company issued 1,232,892 finder's warrants exercisable into one additional common share at a price of \$0.35 for a period of 12 months. The

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finder's warrants were assigned a value of \$163,574. In addition, the Company incurred share issuance costs of \$301,654.

- the Company issued 815,000 common shares upon exercise of warrants for gross proceeds of \$81,500. The Company reallocated \$4,249 relating to the fair value of the warrants from reserves to share capital.
- the Company issued 410,000 common shares upon the exercise of 410,000 options.

SECURITIES OUTSTANDING

During the period ended January 31, 2019, the Company issued 1,000,000 common shares on the exercise of 1,000,000 warrants for gross proceeds of \$100,000.

As at January 31, 2019 and the date of this MD&A, the Company had 40,598,202 common shares issued and outstanding.

As at January 31, 2019 and the date of this MD&A, the Company had 102,500 stock options outstanding.

As at January 31, 2019 and at the date of this report, the following stock options were outstanding and exercisable:

Number of options	Exercise Price	Expiry Date
2,000	\$ 2.50	May 23, 2019
3,000	\$ 2.50	August 27, 2019
5,000	\$ 2.50	October 16, 2019
17,500	\$ 2.00	September 21, 2020
37,500	\$ 0.90	June 10, 2021
17,500	\$ 0.90	October 17, 2021
20,000	\$ 0.85	December 6, 2021
102,500		

As at January 31, 2019, the Company had 11,278,266 warrants outstanding.

As at January 31, 2019, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
5,576,622	\$ 0.10	August 15, 2019
5,701,644	\$ 0.35	February 6, 2019
11,278,266		

As at the date of this MD&A, the Company had 5,576,622 warrants outstanding.

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As at the date of this MD&A, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
5,576,622	\$ 0.10	August 15, 2019

OFF-BALANCE SHEET ARRANGEMENTS

At the date of this report, the Company had no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

The Company has determined that key management personnel consists of the Company's Board of Directors and its corporate officers. During the nine-months period ended January 31, 2019, the Company incurred the following amounts charged by directors and officers and companies controlled and/or owned by directors and officers of the Company:

	2019	2018
<u>Key management personnel</u>		
Short-term employee benefits included in consulting and management fees	\$ 324,000	\$ 90,000
Share-based compensation	-	-
Total	\$ 324,000	\$ 90,000

Short-term employee benefits include salaries and fees incurred within the nine months of the statement of financial position date and other annual employee benefits.

At January 31, 2019, accounts payable and accrued liabilities included \$nil (April 30, 2018 - \$nil) owing to a director and/or officer and/or companies controlled by the directors.

Amounts owing to or from related parties are non-interest bearing, unsecured and due on demand.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions as at September 30, 2018 other than as disclosed elsewhere in this document.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management must make judgments given the various options available as per accounting standards for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

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- i) The impairment and recoverability of the intangible assets and goodwill – An integral component of impairment testing is determining the intangible asset's recoverable amount. The determination of the recoverable amount involves significant management judgment. Qualitative factors, including market presence and trends, strength of customer relationships, strength of debt and capital markets, and other factors, are considered when making assumptions with regard to recoverability of the intangible asset.
- ii) Recognition of deferred income tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized.
- iii) The determination of the Company's and its subsidiaries' functional currency – The functional currency determination will be based on management's assessment of the primary economic environment in which the entities operate.
- iv) Assessment of the Company's ability to continue as a going concern – The assessment involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.
- v) Assessment of the Company's separate line of businesses as discontinued operations - judgement is applied in determining whether disposal groups or cash generating unit represent a component of the entity, the results of which should be recorded in discontinued operations in the consolidated statements of operations and comprehensive loss and cash flows.
- vi) Assessment of the transaction as an asset acquisition or business combination - judgement is applied relating to acquisitions with respect to whether the acquisition was a business combination or an asset acquisition. Management applied a three-element process to determine whether a business or an asset was purchased, considering inputs, processes and outputs of each acquisition in order to reach a conclusion.

Critical accounting estimates:

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

- i) Valuation of inventory – The Company estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market-driven changes that may reduce future selling prices. A change to these assumptions could impact the Company's inventory valuation and impact gross margins.
- ii) Share-based payments – The fair value of share-based payments is determined using the Black-Scholes option pricing model. This option pricing model requires the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.
- iii) The application of the Company's accounting policy for intangible assets and goodwill requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. At least annually or whenever there is an indicator for impairment management evaluates the recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. Intangibles are written down to

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their recoverable amount when a decline is identified. The determination of the recoverable amount requires the use of management's best assessment of the related inputs into the valuation models, such as future cash flows and discount rates.

RECENT ACCOUNTING PRONOUNCEMENTS

No new standards or interpretations were adopted during the year.

New standards and interpretations not yet adopted

The following standards have not yet been adopted. Management has evaluated the impact of these pronouncements on the Company's consolidated financial statements and determined that the effects are immaterial. The Company plans to adopt these standards as soon as they become effective for the Company's reporting year.

- **IFRS 9 Financial Instruments**

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- **Classification and measurement of financial assets:**

Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income."

- **Classification and measurement of financial liabilities:**

When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.

- **Impairment of financial assets:**

An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelvemonth expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.

- **Hedge accounting:**

Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to

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continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The new standard is effective for the Company's annual period beginning May 1, 2018.

i) *IFRS 15 Revenue from Contracts with Customers*

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Revenue is recognized based on a five-step model:

1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The new standard is effective for the Company's annual period beginning May 1, 2018.

ii) *Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 Share-based Payment)*

The amendments provide guidance on the accounting for:
the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The new standard is effective for the Company's annual period beginning May 1, 2018.

iii) *IFRS 16 Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard is effective for the Company's annual period beginning May 1, 2019.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

<u>Financial instruments</u>	<u>Classifications</u>
Cash and cash equivalents	FVTPL
Marketable securities	AFS
Amounts receivable	LAR
Prepaid expenses and deposits	LAR
Accounts payable and accrued liabilities	OFL

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short-term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk that a customer or counterparty to a financial instrument will cause a financial loss to the Company by failing to meet its obligations.

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The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents and amounts receivable. The Company limits its exposure to credit risk with respect to cash and cash equivalents by holding it with major Canadian financial institutions. At January 31, 2019, cash equivalents are comprised of \$28,750 (April 30, 2018 - \$11,500) held in an investment account with cash available on demand, and \$2,456,569 (April 30, 2018 - \$3,887,919) in various business accounts held in a major Canadian financial institution. The Company's amounts receivable consists primarily of GST receivables and are not subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at January 31, 2019, the Company had a cash and cash equivalents balance of \$2,534,954 (April 30, 2018 - \$3,889,419) to settle current liabilities of \$102,196 (April 30, 2018 - \$264,178). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand, and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Interest rate risk

The Company has cash and cash equivalent balances and no interest-bearing debt. As at January 31, 2019, the Company did not hold any investments and as such, the Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at January 31, 2019, the Company's cash and cash equivalents were predominately held in Canadian dollars and as such, Omni has minimal exposure to foreign currency risk volatility.

FINANCIAL RISK FACTORS

The fair value of the Company's receivables, advance, trade payables and accrued liabilities, approximate their carrying value, which is the amount recorded on the statement of financial position, due to their short terms to maturity. The Company's cash is measured at fair value, under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities.

Investment in cannabis based businesses

The Company recognizes there are certain risks in its investment with a cannabis based business. Marijuana is classified as a Schedule I controlled substance under US federal law and as such, marijuana related practices or activities, including the cultivation, possession or distribution of marijuana, are illegal under US federal law. There remains a conflict between state and federal law related to marijuana with certain US states permitting its use and sale within a regulatory framework.

The US Department of Justice had recently rescinded the Cole memo which had given guidance that it will generally not enforce federal prohibitions on marijuana in US states that have authorized this conduct so long as the US state has implemented a strong and effective regulatory program. Future enforcement decisions will now be up to the US Attorneys in their respective states, who are to decide which cases to prosecute by weighing all relevant considerations, including federal law enforcement priorities set by the Attorney-General, the seriousness of the crime, the deterrent effect of federal prosecution and the cumulative impact of particular crimes on the community.

MANAGEMENT DISCUSSION AND ANALYSIS

For the three and nine-months period ended January 31, 2019
(Expressed in Canadian Dollars)

The Company considers it unlikely that local federal prosecutors will take action in those states where the legalization of cannabis has been implemented as a result of a majority vote of the state's electorate or by an act of the respective state's legislature. There may be action taken against those who are acting outside state regulations, and this type of enforcement is only beneficial to those businesses operating within local regulations.

The Company conducts extensive due diligence in its investment in the cannabis based business and ensures strict compliance of state policies governing this industry.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this document includes forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company's control, including but not limited to: general economic and business conditions; cash flow projections; currency fluctuations; risks relating to our ability to obtain adequate financing for future activities; the nature of our future activities; and other general market and industry conditions as well as those factors discussed in prior management discussion and analysis, available on SEDAR at www.sedar.com.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. The Company's actual results, programs and financial position could differ materially from those expressed in or implied by these forward-looking statements and accordingly, no assurance can be given that the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Company will derive from them. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and as such, undue reliance should not be placed on forward-looking statements.

The Company believes that the expectations reflected in these forward looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and as such forward looking statements contained into this report should not be relied upon. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to assumptions about general business and economic conditions, the availability of financing for the Company, and the ability to identify and secure a quality asset or a business with a view of completing a transaction subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company's forward-looking statements and information are based on the assumptions, beliefs, expectations and opinions of management as of the date of this MD&A. The Company will update forward-looking statements and information if and when, and to the extent required by applicable securities laws. Readers should not place undue reliance on forward-looking statements. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

ADDITIONAL SOURCES OF INFORMATION

Additional information relating to Omni Commerce Corp. can be found on the SEDAR website at www.sedar.com.