NEW WAVE HOLDINGS CORP.

(formerly Trueclaim Exploration Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended

March 31, 2020

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of New Wave Holdings Corp. (formerly New Wave Esports Corp.) (the "Company") and describes its financial results for the year ended March 31, 2020. The MD&A should be read in conjunction with the audited financial statements of the Company and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") for the year ending March 31, 2020. Refer to Note 3 of the March 31, 2020 audited financial statements for disclosure of the Company's significant accounting policies and a discussion of future accounting policy changes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar. This MD&A is current as of July 30, 2020.

Management's Responsibility

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators, and the Canadian Securities Exchange.

COMPANY BACKGROUND

New Wave Holdings Corp. (formerly New Wave Esports Corp.) ("the Company") was incorporated under the Business Corporation Act of British Columbia on May 17, 2006. The Company's objective is to generate income and achieve long term capital appreciation through investments focused on the psychedelic and esports sectors. The head office, principal address and records office of the Company are located at 401 - 217 Queen Street West, Toronto, Ontario, M5V 0R2.

On October 24, 2019, the Company completed a "three cornered" amalgamation whereby its previous wholly owned subsidiary, 1205619 B.C. Ltd., amalgamated with the company New Wave Holdings (BC) Corp. pursuant to an amalgamation agreement dated June 7, 2019 (announced in the Company's June 18, 2019 news release) as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings Corp. On October 28, 2019, the Company began trading on the Canadian Securities Exchange under the stock symbol NWES which was eventually changed to SPOR.

ANNUAL HIGHLIGHTS AND SUBSEQUENT DEVELOPMENTS

- Entered into share exchange agreement with Anahit Therapeutics Ltd., a company which is a Jamaican psilocybin cultivator, producer and exporter of hallucinogenic and functioning mushrooms.
- Completion of an aggregate $666,666 convertible debt financing.
- Completion of multiple equity financings through and subsequent to the fiscal year.

OVERALL PERFORMANCE

The Company continued operations for the through the year ended March 31, 2020 and incurred a net loss of $5,849,467 primarily driven by the reverse take-over transaction, share-based compensation and various activities and related expenses in ramping up operations, although the Company also successfully raised additional equity financing to expand its investment activities, personnel, and marketing efforts. For the year ended March 31, 2020, the Company has made several key investments in private esport companies and successfully completed several financings. The Company expects to continue to raise additional funds through equity and debt financings and seek additional investment opportunities including diversifying its investment portfolio into the psilocybin industry through its investment in Anahit Therapeutics Ltd. and other similar investments.

(All amounts expressed in Canadian dollars, unless otherwise stated)

INVESTMENTS AT FAIR VALUE

The Company has the following investments as at March 31, 2020 and 2019:

	Number of Shares/Units Held	Fair Value at March 31, 2019	Investment	Fair market value Adjustments	Fair Value at March 31, 2020
Equities of private esport companies:		$	$	$	$
Even Matchup Gaming Inc.	1,000	250,000	1,230,000	20,000	1,500,000
Playline Ltd.	51,653	250,829	-	-	250,829
Tiidal Gaming Group Inc.	2,250,000	446,018	50,000	628,982	1,125,000
Avatar One E-Sports Capital Corp.	7,500,000	-	150,000	-	150,000
Talon Esports Ltd.	681,818	-	405,000	-	405,000
Stock options held:					
Talon Esports Ltd.	681,818	-	198,511		198,511
Balance		**946,847**	**2,033,511**	**648,982**	**3,629,340**

i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. ("EMG") for $250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.'s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares, the additional amounts paid, and the fair value has been adjusted based on a per share value of the additional amounts paid.

On February 10, 2020, the Company acquired the remaining issued and outstanding shares of EMG for $1,230,000 comprising $550,000 cash and 2,518,518 common shares of the Company. The cash consideration is payable in tranches, with $350,000 paid on February 7, 2020 and the remainder to be paid in installments over the six months following February 7, 2020. A portion of the 2,518,518 common shares issued is subject to a contractual lock up and will be released to the vendors of EMG in installments over twelve months following the closing of the acquisition.

Immediately after the completed acquisition, the Company took steps to unwind the acquisition due to various operational issues encountered with EMG. On April 16, 2020, the Company and EMG reached a settlement agreement whereby:

1- The Company would retain 200 common shares (20%) of EMG.
2- The Company will return 800 common shares (80%) to EMG shareholders.
3- EMG would return to the Company 2,518,518 common shares for cancellation (received and cancelled).
4- The Company would pay the remaining balance of the committed $550,000 totaling $50,000 and also pay $150,000 to a founding shareholder of EMG. In aggregator, $200,000 is included in accounts payable as at March 31, 2020 owing to these parties.
5- The Company will repay $260,000 in cash loans received from EMG.

ii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for $250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.

iii. On March 26, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for $400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the common share investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value based on its recent financing of $0.50 per common share.

On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of $0.20 for a term of five years. The options received have an estimated fair market value of $46,018 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of $0.20, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of $0.20 and an expected average life of 5 years. The fair value of the options investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value in light of the recent $0.50 per common share closed private placement, and revised remaining term of the options. During the year ended March 31, 2020, the Company exercised 250,000 stock options for an additional $50,000 investment into Tiidal Gaming Inc.

iv. On August 2, 2019, the Company subscribed for 7,500,000 units of Avatar One E-Sports Capital Corp. ("Avatar") at $0.02 each for a total subscription price of $150,000. Each unit consists of one common share of Avatar and one common share purchase warrant of Avatar, with each such warrant entitling the holder to acquire one additional Avatar common share at a price of $0.02 for five years. The fair value of the investment into Avatar is currently reflected as the initial cash purchase price of its common shares and attached warrants.

v. On December 3, 2019, the Company purchased 681,818 common shares of Talon Esports Ltd. at a price of $0.59 (USD $0.44) per share for an aggregate investment of $405,000 (USD $300,000) which represents approximately 6.5% of Talon Esports Ltd. Concurrently, the Company entered into an advisory agreement with Talon Esports Ltd., to provide strategic advisory services. The Company received 681,818 stock options with an exercise price of USD $0.44 expiring May 13, 2021. The options received have an estimated fair market value of $198,511 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of $0.44, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of $0.44 and an expected average life of 1.5 years.

LIQUIDITY AND CAPITAL RESOURCES

In management's view, given the nature of the Company's operations, which comprises commercial esports/gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion, the most relevant financial information relates primarily to current liquidity, solvency and planned strategic growth. The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its continued ability to raise capital through public equity financings, and upon the generation of profits from its investments, the outcome of which cannot be predicted at this time.

At March 31, 2020, the Company had working capital deficit of $465,275, including cash of $541,256.

Share Capital Activity

On April 17, 2019, the Company closed a private placement through the issuance of 2,280,000 Units of the Company at a price of $0.30 per Unit for gross proceeds of $684,000. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of $0.60 per share. Concurrent with this private placement, on April 17, 2019, the Company issued 16,667 Units to an officer of the Company at a deemed price of $0.30 per Unit in exchange for services. Theses units carry the same terms as the private placement. The Company paid cash finders fees of $33,200 in connection with the private placement.

On May 29, 2019, the Company closed a private placement through the issuance of 3,877,889 Units of the Company at a price of $0.45 per Unit for gross proceeds of $1,745,050. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of $0.90 per share. The Company paid cash finder's fees of $97,650 in connection with this private placement.

On October 24, 2019, as a result of the reverse take-over, the Company exchanged 16,282,889 common shares to the shareholders of New Wave Holdings (BC) Corp., consolidated its share capital on a basis of one to one and half shares resulting in 7,986,167 shares post-consolidated shares, and issued 1,628,289 common shares to certain consultants of the reverse take-over transaction resulting in aggregate shares issued of 25,897,345. The 1,628,000 common share issued as finders fees on the r3everse take-over had a fair value of $732,780.

On October 24, 2019 and October 31, 2019, the Company issued, in aggregate 2,583,333 restricted share units to certain officers, directors and consultants of the Company. The restricted share units are released in equal quarters with the first release on the date of grant, and then every four months. The release of these shares are measured at fair market value on the date of release, and is included in share-based compensation expense. 1,316,667 of these restricted share units were issued to related parties.

During the period ended March 31, 2020, the Company issued, in aggregate, 1,619,445 to certain directors, officers and consultants of the Company recognizing $475,812 in share-based compensation expense and recognized an additional share-based compensation expense of $732,730.

On February 10, 2020, the Company issued 2,518,519 common shares in connection with the acquisition of Even Matchup Gaming Inc.

On February 14, 2020, the Company closed its first tranche of a convertible debt financing through the issuance of secured convertible debentures in the aggregate principal amount of $555,555 for gross proceeds of $500,000 reflecting a 10% discount of the principal amount. The convertible debentures are convertible into common shares at a conversion price of $0.10 per share and will mature two years from the date of issuance. If the convertible debenture remains outstanding on the one year anniversary of the maturity date, the principal amount will increase by 10%. The convertible debentures will not bear interest until the maturity date, after which if the principal amount remains unpaid, the convertible debentures will bear an interest rate of 22% per annum. Concurrent to the issuance of the convertible debentures, the Company issued 5,555,556 share purchase warrants exercisable at $0.15 per share expiring two years from the date of issuance.

(All amounts expressed in Canadian dollars, unless otherwise stated)

On February 24, 2020, the Company closed its second and final tranche of a convertible debt financing through the issuance of secured convertible debentures in the aggregate principal amount of $111,111 for gross proceeds of $100,000 reflecting a 10% discount of the principal amount. This issuance has the same terms as the first tranche closing on February 14, 2020. Concurrent to the second tranche closing, the Company issued 1,111,112 share purchase warrants exercisable at $0.15 per share expiring two years from the date of issuance.

Subsequent to March 31, 2020

On May 19, 2020, the Company closed a private placement of 10,064,000 common shares at a price of $0.10 per share for gross proceeds of $1,064,000. The Company paid cash finders fees of $40,250 and issued 402,500 brokers warrants in connection with the private placement.

On June 1, 2020, 500,000 common shares were issued on conversion of $50,000 in convertible debentures, and on June 2, 2020, a further 5,055,555 common shares were issued on a conversion of $505,555 convertible debentures.

On June 17, 2020, the Company closed a private placement of 6,188,627 Units at a price of $0.33 per Unit for gross proceeds of $2,042,247. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of $0.45 per common shares. The Company paid an aggregate cash finders fee of $97,002 and granted 391,346 broker warrants with the same terms as the Units.

515,555 common shares were granted relating to various warrant exercises between $0.06 and $0.18 per common share.

1,295,834 common shares were issued to certain officers, directors and consultants of the Company.

OUTSTANDING SHARE DATA

The following share capital as of date of this document is:

	Balance
Common Shares	75,636,361
Stock-options	2,633,000
Warrants	29,130,762

(All amounts expressed in Canadian dollars, unless otherwise stated)

RESULTS OF OPERATION

For the three and twelve months ended March 31, 2020
The Company incurred a net loss of $1,199,171 and $5,849,467 the three and twelve months ended March 31, 2020 compared to $618,520 net loss for the comparable periods. The Company made several investments into esports companies during the recently completed year and continues to search for additional investments. In addition, the Company incurred significant, and non-recurring expenses related to the completion of its reverse take-over transaction with New Wave Holdings (BC) Corp. Along with the reverse take-over transaction, the Company ramped up its consulting, investor relations, and professional fees related to the further development of the Company's operations. There are no meaningful comparisons to be made with prior periods.

OUTLOOK

In the Company's fiscal year ending March 31, 2020, the Company will seek to, among other things: (i) make additional investments in the psilocybin industry (ii) develop a technology platform and a set of tools for offer to prospective esports/gaming technology clients; and (iii) secure additional consulting or advisory engagements with esports/gaming companies.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	April 17, 2018 to June 30, 2018
	$	$	$	$	$	$	$	$
Net profit (loss)	(1,199,171)	(4,153,920)	69,424	(565,800)	(618,520)	-	-	-
Basic profit (loss) per share	(0.05)	(0.05)	0.00	(0.01)	(0.12)	-	-	-
Diluted profit (loss) per share	(0.05)	(0.05)	0.00	(0.01)	(0.12)	-	-	-

SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEARS

	For the year ended March 31, 2020	Period from inception on April 17, 2018 to March 31, 2019
	$	$
Income Statement		
Net profit (loss)	(5,849,467)	(618,520)
Loss per share (basic and diluted)	(0.28)	(0.06)
Balance Sheet		
Total investments	3,629,340	946,847
Total assets	4,413,240	1,229,866
Total long-term liabilities	504,149	-

(All amounts expressed in Canadian dollars, unless otherwise stated)

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The following table summarizes the carrying value of financial assets and liabilities as at March 31, 2020:

	March 31, 2020
	$
Fair value through profit or loss	
Investments at fair value (Note 7)	**3,629,340**
Amortized cost	
Cash	**541,256**
Accounts payable and accrued liabilities	**1,011,434**
Lease liability	**40,030**
Convertible debentures	**495,412**

Fair value measurement

As at March 31, 2020, financial instruments that are measured at fair value on the statement of financial position are represented by cash, investments at fair value, account payable and accrued liabilities, lease liability, and convertible debentures. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

<u>The levels in the hierarchy are:</u>

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

March 31, 2020	**Level 1**	**Level 2**	**Level 3**
	$	$	$
Investments at fair value	-	-	3,629,340

March 31, 2019	**Level 1**	**Level 2**	**Level 3**
	$	$	$
Investments at fair value	-	-	946,847

Management of Industry and Financial Risk

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

Liquidity risk
Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Capital Management
Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the year ended March 31, 2020.

Fair Value
The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

(All amounts expressed in Canadian dollars, unless otherwise stated)

RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Transactions with key management and directors
The Company incurred the following transactions for the period ended, with companies controlled by current and former directors and officers of the Company:

	Twelve months ended March 31, 2020	Period from inception on April 17, 2018 to March 31, 2019
	$	$
Consulting fees	**73,750**	57,845
Share-based compensation	**528,424**	-
Wages	**286,203**	63,217

Related parties balance
As at March 31, 2020, the Company owed $3,000 to an officer or director of the Company (2019 - $8,475).

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

CRITICAL ACCOUNTING ESTIMATES

Significant estimates and assumptions
The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, carrying value of intangible assets and impairment of financial assets.

Significant judgments
The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a

going concern, assessment of acquisitions as business combinations or asset acquisitions, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty.

CHANGES IN ACCOUNTING POLICIES

New standard IFRS 16 "Leases"
This new standard replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15.

The Company adopted IFRS 16 effective April 1, 2019 with no impact to its consolidated financial statements.

PROPOSED TRANSACTIONS

None.

RISKS AND UNCERTAINTIES

COVID-19
Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

Going Concern
As at March 31, 2020 the Company has an accumulated deficit of $6,467,987 (March 31, 2019 - $618,520 deficit), no source of operating cash flow and no assurance that sufficient funding will be available. Management has the option to raise funds through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

Sector Specific Investment Risks
The Company seeks a high return on investment opportunities on its psilocybin and esports sectors ("Sectors"). Thus, the Company is exposed to investment risks relating to these Sectors which is generally more volatile than the overall market. Investing in these Sectors can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in these sectors are subject to risks associated with the world prices of related products, economic cycles, exchange rates, taxation changes and political events. Government restrictions can

also be factors.

Regulatory Risks
The Company's investment in the psilocybin sector operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. The Company's investments incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company's investment and, therefore, on the Company's prospective returns.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

Limited Operating History
The Company has limited operating history as an investment company and has had limited success in its investment sectors. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the psilocybin sector. There is no certainty that the Company will be able to operate profitably.

Key Personnel
The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Lack of Control or significant influence over Companies in which the Company Invests
In certain cases, the Company invests or may invest in securities of companies that the Company does not control or influence. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of investments by the Company could decrease and the Company's financial condition and cash flow could suffer as a result.

Due Diligence
The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and

investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such investigation will not necessarily result in the investment being successful.

Fluctuations in the Value of the Company and the Common Shares
The net asset value of the Company and market value of its common shares will fluctuate with changes in the market value of the Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Company's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Company. There can be no assurance that shareholders will realize any gains from their investment in the Company and may lose their entire investment.

Need to Manage Growth
The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company's administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company's business, operations and operating results and financial condition may be materially adversely affected.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

ADDITIONAL INFORMATION

Additional information relating to the Company, is available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at **www.sedar.com.**