GUNPOWDER CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

April 30, 2018

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The following is Management's Discussion and Analysis ("MD&A") of the financial condition of Gunpowder Capital Corp. ("Gunpowder" or the "Company") and the financial performance for the years ended December 31, 2018 and 2017. This information, prepared as of April 30, 2019, should be read in conjunction with the audited consolidated financial statements of Gunpowder for the years ended December 31, 2018 and 2017, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

Forward Looking Statements

This MD&A, and specifically the "Outlook" section contains or incorporates forward-looking statements within the meaning of Canadian securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, revenue, earnings, changes in cost and expenses, capital expenditures and other objectives, strategic plans and business development goals, and may also include other statements that are predictive in nature or that depend upon or refer to future events or conditions, and can generally be identified by words such as "may", "will", "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. These statements are not historical facts but instead represent only Gunpowder Capital Corp., expectations, estimates and projections regarding future events.

Although the Company believes the expectations reflected in such forward-looking statements are reasonable, such statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. Undue reliance should not be placed on such statements. Certain material assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

The forward-looking statements contained in this MD&A are made as at the date of this MD&A and, accordingly, are subject to change after such date. Except as required by law, Gunpowder Capital Corp., does not undertake any obligation to update or revise any forward-looking statements made or incorporated in this MD&A, whether as a result of new information, future events or otherwise.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks related to our business".

Overview

Listed on the Canadian Securities Exchange under the trading symbol "GPC" and on the OTCQB Markets under the trading symbol "GNPWF". Gunpowder is a newly formed Merchant Bank and Advisory Services Firm. In May 2016 Gunpowder Capital Corp. (formerly Silver Shield Resources Corp.) implemented its new business model under the leadership of a new management team.

As a merchant bank and advisory services firm, Gunpowder provides financial capital and capital markets advisory services. The Company offers a variety of financing options including mezzanine debt, bridge loans, convertible debentures and straight loans as well as equity financing. Our goal when investing is to as best as possible ensure the preservation of capital and structure upside for our stakeholders through participation opportunities such as royalties, equity or options. Our main focus with advisory services is to assist companies that are interested in going public, however, we are also involved with general capital markets advisory services and advising on mergers and acquisitions.

Business Objectives and Milestones

Gunpowder's primary focus for 2018 was to continue to grow as a merchant bank. The Company's set goals for fiscal 2018 included:

1. Continue to grow our merchant banking and advisory services business to revenues of $1,000,000.

We achieved revenues of $749,473 for 2018, which was below our target. Both clients that we had hoped would complete transactions in the fourth quarter did not materialize. We expect FNHI to complete their go public in the second quarter of 2019. We are waiting for an update from Payfare which elected not to complete a qualifying transaction with a CPC. We have several other active go public clients that are in the early stages of the process.

2. Complete two go-public transactions with advisory clients.

As noted above, both clients did not go public in 2018. One client is expected to go public in mid 2019.

3. Increase current rental property portfolio to 50 units and increase yearly rental revenue to exceed $300,000.

The Company currently has 48 rental units as well as a 17 room boarding house. We achieved our real estate goals this year generating revenue of $383,037.

4. Continue to develop the Company's blockchain business.

In the third quarter, we abandoned our Bluewater Farms server project. No costs were incurred in exiting this business. The power costs that Bluewater was able to achieve were uneconomic for cryptominers at current price levels. The Company is still examining other opportunities for cheap power to enable cryptomining however any deal we achieve would be in the next fiscal year. We continue to support our investee company, BitBlox, which began mining in November 2018 and based on initial results, has us working on some exciting initiatives we hope to share shortly.

5. Continue to examine opportunities to acquire or launch two additional businesses to add to our portfolio.

The Company was unable to come to terms with IBliss, a potential acquisition we announced earlier this year. Audited revenues of IBliss were below expectations and we were unable to agree to revised terms. Also, as noted above Gunpowder elected not to move forward with Bluewater Farms. The Company did however acquire Alpha Invoice, a factoring company, and we plan on launching operations in the fourth quarter and hope that the acquisition will become a solid portfolio company.

Highlights for the Quarter ended December 31, 2018

Gunpowder continues to execute on its strategic and operational initiatives as highlighted during the quarter and shortly thereafter:

On October 17, 2018, the Company completed a first tranche of a non-brokered private placement for 3,084,828 units at a price of $0.05 for total proceeds of $154,241. Each unit comprises of one common share of the company and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.075 for a period of 24 months after closing.

On December 19, 2018, the Company completed a non-brokered private placement for 15,400,000 units at a price of $0.05 for total proceeds of $770,000. Each unit comprises of one common share of the company and one common share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.075 for a period of 24 months after closing.

Additional highlights for the year ended December 31, 2018

In addition to the highlights noted above for the three months ended December 31, 2018, Gunpowder attained the following initiatives during the first three quarters of fiscal 2018:

On January 17 and 27, 2018, the Company completed the purchase of its third and fourth tenanted residential properties in London, Ontario.

On March 19, 2018, the Company loaned $50,000 to Bitblox Technologies Inc. ("Bitblox"). The loan is in good standing and generates 24% interest per annum.

On March 2, 2018, the Company invested in its fourth rehabilitation property in the United States for USD$362,779 (CDN$471,425).

On April 8, 2018, the Company completed the purchase of its seventh tenanted residential property in Windsor, Ontario.

On July 25, 2018, the Company raised $57,500 with the issuance of 5,750 Class – A preferred shares for $10 per share.

On July 30, 2018, the Company invested in an additional US rehabilitation property of USD $125,655 ($163,907).

On August 14, 2018, the Company issued a convertible debenture of $750,000 for consideration of 500,000 common shares of Astro Aerospace Ltd. (OTCQB: ASDN). On the date of receipt, these shares had a fair market value of USD 965,000 ($1,263,368). The debenture has an interest rate of 10% per annum and interest is payable quarterly with common shares of the Company. The maturity date of the debenture is two years after issuance and on that date, the debenture will automatically convert into 15,000,000 common shares of the Company.

Outlook

The fourth quarter of fiscal 2018 did not materialize as planned as our two main go public transactions were delayed. We are hopeful that they will be finalized by the second quarter of 2019. We have continued to work on various initiatives and have a robust pipeline of opportunities that we believe will make 2019 a very successful year.

Goals for 2019

1. Achieve merchant banking and advisory service business revenues of $1 million.
2. Continue to develop the Company's blockchain business.

Annual Financial Information

	Year ended December 31,		
	2018	2017	2016
Total revenues	$ 749,473	$ 975,974	$ 164,916
Net loss	(2,625,683)	(337,154)	(1,394,118)
Earnings per share	(0.08)	(0.01)	(0.06)
Total assets	6,979,518	7,364,176	2,838,587
Long-term liabilities	(2,490,060)	(1,615,485)	(409,042)

Fiscal Year 2018

Revenue from continuing operations for the year ended December 31, 2018, was $749,473, compared to $975,974 earned in the prior year. Revenue from continuing operations earned in 2018 was categorized into four segments – Merchant banking, Real estate, Payment processing services and Consulting and advisory. The amounts of $172,138, $383,037, $16,430 and $177,868 were earned in 2018 in each of those segments respectively as compared to $240,829, $159,856, $nil and $575,289 which were earned in 2017 in each of those segments respectively.

Quarterly results

The following table shows our results of operations for the last eight quarters:

	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Revenue from continuing and discontinued operations	$ 163,079	$ 159,981	$ 341,458	$ 302,335	$ 407,222	$ 680,501	$ 255,184	$ 94,190
Net Income (Loss)	(1,648,275)	(668,567)	(124,251)	(184,590)	(107,814)	128,132	(202,007)	(155,467)
Income (Loss) per share - basic and diluted	(0.03)	(0.02)	(0.00)	(0.01)	(0.00)	0.00	(0.01)	(0.01)
Cash	981,354	474,330	1,144,379	238,066	992,755	2,124,895	1,111,222	995,953
Buildings and improvements	4,562,247	4,542,928	4,559,827	4,287,341	2,900,815	2,193,316	1,834,842	1,548,909
Loans and other investment assets (long term)	921,173	1,516,081	784,922	1,716,458	1,802,968	1,891,890	1,670,349	1,172,688
Dividends paid to common share shareholders	-	-	-	-	-	216,667	-	-
Dividends paid to "Class - A" and "Class - B" preferred shares shareholders	101,314	109,314	121,276	122,276	102,044	80,536	72,446	40,948

Results of Operations

The following table shows the results of operations for the three months ended December 31, 2018 compared to the same period last year.

	Three months ended December 31,	
	2018	2017
Rental	$ 110,982	$ 60,727
Advisory services	40,329	82,773
Payment processing services	(16,432)	-
Interest	28,199	80,157
Total income	163,078	223,657
Business development	124,856	-
Management fees	106,800	78,950
Consulting and other professional fees	70,233	65,444
Property taxes and maintenance	64,110	57,439
Mortgage and loan interest	58,353	18,207
Legal and audit fees	49,711	12,916
Marketing and investor relations	42,315	22,527
Amortization	31,919	18,658
Travel and accomodations	31,192	18,474
General, office and administrative	28,257	52,836
Non-recoverable input tax credits	11,544	16,603
Transfer agent and filing fees	10,337	2,930
Bank service charges	1,589	2,263
Net Income (loss) before other items	(468,138)	(143,590)
Impairment of financial instruments	(445,142)	(357,945)
Realized gain on investments	22,943	59,215
Unrealized (loss) gain on investments	(789,630)	184,713
Accretion on financial instruments	(8,115)	8,154
Foreign exchange gain (loss)	39,805	(8,755)
Total other items	(1,180,139)	(114,618)
DISCONTINUED OPERATIONS	-	150,394
LOSS AND COMPREHENSIVE LOSS	$ (1,648,277)	$ (107,814)

Operating expenses before other items for the three months December 31, 2018 were $631,216 compared to $367,247 for the same period in 2017. Business development costs of $124,856 were incurred in the three months ended December 31, 2018 in relation to shares issued in relation to a potential business acquisition which was subsequently abandoned.

An impairment of financial instruments of $445,142 was recorded in the three months ended December 31, 2018 (2017 - $357,945). This included an impairment $334,876 of certain loan receivables. Due to circumstances beyond a borrower's control, there was uncertainty in the determination the timing of repayments of the loan. However, management believes that the loan is recoverable as the borrower gets back on track.

The Company recorded an unrealized loss on investments of $789,629 in the three months ended December 31, 2018 compared to an unrealized gain on investments of $184,713, respectively, from the same period in 2017.

The following table shows the results of operations for the year ended December 31, 2018 compared to the same period last year:

	Year ended December 31.	
	2018	2017
INCOME		
Rental	383,037	159,856
Advisory services	177,868	575,289
Payment processing services	16,430	-
Interest	172,138	240,829
TOTAL INCOME	749,473	975,974
EXPENSES		
Management fees	431,700	369,000
Consulting and other professional fees	300,027	218,067
General, office and administrative	232,095	217,682
Property taxes and maintenance	260,735	128,428
Mortgage and loan interest	153,711	52,086
Amortization	121,936	55,578
Marketing and investor relations	118,232	62,513
Business development	124,856	7,997
Travel and accomodations	102,178	45,131
Legal and audit fees	105,952	74,569
Transfer agent and filing fees	64,680	102,953
Non-recoverable input tax credits	45,077	52,438
Bank service charges	6,563	7,452
Share-based compensation	-	31,000
NET (LOSS) BEFORE OTHER ITEMS	(1,318,269)	(448,920)
Impairment of loan receivable	(445,142)	(357,945)
Realized gain on investments	135,856	125,882
Unrealized loss on investments	(1,227,202)	(24,140)
Accretion on financial instruments	(19,027)	42,230
Foreign exchange gain (loss)	65,669	(46,885)
TOTAL OTHER ITEMS	(1,489,846)	(260,858)
DISCONTINUED OPERATIONS	182,432	372,625
LOSS AND COMPREHENSIVE LOSS FOR THE YEAR	(2,625,683)	(337,154)

Operating expenses before other items for year ended December 31, 201 were $2,067,743 compared to $1,424,894 in 2017. With the Company's additional revenue stream of payment processing services and the expansion of the real estate segment, consulting and professional fees of $431,700 (2016 – $369,000) were incurred to facilitate services and manage additional properties. Property taxes and maintenance costs increased from $128,428 in the year ended December 31, 2017 to $260,735 in the year ended December 31, 2018 due to the acquisition of three properties in 2018 and the operation of eight properties for the full year in 2018.

For the year ended December 31, 2018

The following table shows revenues from continuing operations from the year ended December 31, 2018 compared to the same period in the prior year:

	2018	2017	Increase/ (decrease) in $	Increase/ (decrease) in %
Rental	$ 383,037	$ 159,856	$ 223,181	140%
Advisory services	177,868	575,289	(397,421)	-69%
Payment processing services	16,430	-	16,430	100%
Interest	172,138	240,829	(68,690)	-29%
Total revenues	$ 749,473	$ 975,974	$ (226,501)	-23%

The Company acquired three additional rental properties in 2018 and operated nine rental properties for the full year in 2018, as a result, rental income had increased significantly in 2018 compared to the same period of the prior year.

A significant portion of the advisory services revenue earned in 2017 was related to 3,000,000 shares of Advantagewon Oil Corporation ("AOC") issued to the Company by AOC in relation to the completion of AOC's go-public transaction. These shares had a fair market value of $420,000 on the day of acquisition. As this was an one-time transaction, advisory services revenue in 2018 did not include this amount.

The following table shows operating costs for the year ended December 31, 2018 compared the prior year:

	2018	2017	Increase/ (decrease) in $	Increase/ (decrease) in %
Management fees	431,700	369,000	$ 62,700	17%
Consulting and other professional fees	300,027	218,067	81,960	38%
Property taxes and maintenance	260,735	128,428	132,307	103%
General, office and administrative	232,095	217,682	14,413	7%
Mortgage and loan interest	153,711	52,086	101,625	195%
Amortization	121,936	55,578	66,358	119%
Marketing and investor relations	118,232	62,513	55,719	89%
Business development	124,856	7,997	116,859	1461%
Legal and audit fees	105,952	74,569	31,383	42%
Travel and accomodations	102,178	45,131	57,047	126%
Transfer agent and filing fees	64,680	102,953	(38,273)	-37%
Non-recoverable input tax credits	45,077	52,438	(7,361)	-14%
Bank service charges	6,563	7,452	(889)	-12%
Share-based compensation	-	31,000	(31,000)	-100%
Total operating costs	$ 2,067,742	$ 1,424,894	$ 673,848	47%

Operating expenses before other items for the year was 2,067,742 compared to $1,424,894 in the prior year.

A total of $260,735 in property taxes and maintenance and $153,711 of mortgage and loan interest were incurred in the year ended December 31, 2018 as compared to $128,428 and $52,086 in 2017 as the Company operated nine

rental properties for the full year in 2018 in additional to acquire three rental properties during the year. As such, the associated expenses have increased accordingly.

Consulting fees of $300,027 were incurred in the year ended December 31, 2018 compared to $218,067 during the prior year. The Company also incurred consulting expenses in relation to marketing services commencing in 2018.

The Company has changed its method of recording HST input tax credits during Q2 2017 in that only HST input tax credits which are deemed refundable is recorded as HST receivables. When it is reasonably estimable that a portion of the input tax credits is not eligible for refund, the amount is recorded as an expense. During the year ended December 31, 2018, the Company recorded an expense of non-recoverable input tax credits of $45,077 compared to $52,438 in the prior year.

During the year ended December 31, 2018, the Company incurred business development costs in relation to issuing shares for a potential deal that did not come to fruition. These were a one-time transaction and did not occur in the prior year.

Liquidity and Capital Resources

The following table summarizes cash flows from the year ended December 31, 2018 compared to the prior year:

	Year ended December 31,	
	2018	2017
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	$ (1,034,406)	$ 81,407
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	1,303,558	5,066,911
CASH FLOWS (USED IN) INVESTING ACTIVITIES	(280,553)	(4,283,182)
	(11,401)	865,136
Cash, opening balance	992,755	127,619
Cash, end of year	$ 981,354	$ 992,755

In addition to the operating activities discussed above, the Company generated $1,303,558 from financing activities (see the audited consolidated financial statements for details of these transactions) during the year ended December 31, 2018.

As at December 31, 2018, Company had total current assets of $1,468,651 to meet its current liabilities of $991,540.

To successfully pursue its merchant banking model, the Company plans to continue to raise debt and equity in order to pursue additional deals and build scale.

The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer dilution. If adequate financing is not available, the Company may be required to sell its interests in some or all of its assets / holdings or current properties and / or reduce or terminate its operations.

Additional disclosures

Critical Accounting Estimates

The preparation of financial statements requires the Company to estimate the effect of various matters that are inherently uncertain as at the date of the financial statements. Each of these required estimates varies with respect

to the level of judgment involved and the potential impact on the Company's reported financial results. Estimates are deemed critical when the Company's financial condition, change in financial condition or results of operations would be materially impacted by a different estimate or a change in estimate from period to period. The Company's significant accounting policies are discussed in Note 3 of the notes to consolidated financial statements. Critical estimates inherent in these accounting policies are discussed in the following paragraphs.

Changes in Accounting Policies and Future Pronouncements

Compound financial instruments

Compound financial instruments issued by the Company comprise convertible debentures that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Discontinued operations

A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished and which:

- represents a separate major line of business or geographical area of operations;
- is part of single co-ordinated plan to dispose of a separate major line of business;
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as discontinued operation, the comparative statement of loss and comprehensive loss is re-presented as if the operation had been discontinued from the start of the comparative year.

IFRS 9 – Financial Instruments

On January 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard on January 1, 2018 utilizing the modified retrospective exemption which does not require the restatement of prior periods. The provision is computed as of January 1, 2018 and opening retained earnings (deficit) for January 1, 2018 are adjusted to reflect the change in provision. The comparative figures for 2017 are not adjusted.

(i) Financial Assets

Under IFRS 9, financial assets are classified into one of the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through the consolidated statement of income (loss)), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual

terms of the cash flows.

The Company measures financial assets (except for those classified as fair value through profit or loss) at its fair value plus transaction costs. Transaction costs of financial assets carried at fair value through profit or loss ("FVPL") are expensed in the consolidated statement of income (loss).

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the financial asset and the cash flow characteristics of the financial asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is recognized using the effective interest method. Foreign exchange gains and losses as well as any gain or loss arising on derecognition are recognized in the consolidated statement of income (loss).
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("FVOCI"). Movements in the carrying amount are recorded through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the consolidated statement of income (loss). When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the consolidated statement of income (loss).
- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the consolidated statement of income (loss).

Equity instruments

Unless an election is made, the Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of income (loss) following the derecognition of the investment.

Changes in the fair value of financial assets at FVPL are recognized in the consolidated statement of income (loss). Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

Under IFRS 9, the Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(ii) Financial Liabilities

Under IFRS 9, the Company's financial liabilities are classified into one of the two categories: at FVPL or at amortized cost.

- FVPL: Financial liabilities carried at FVPL are initially recorded at fair value and transaction costs are expensed in the consolidated statement of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial liabilities held at FVPL are recognized in the consolidated statement of income (loss) in the period in which they arise, except for changes in fair value resulting from an entity's own credit risk which are recognized in other comprehensive income (loss). The deferred payments liability has been classified as a FVPL financial liability. The Company has determined that changes in its credit risk has not materially impacted the fair value of the deferred payments liability.

- Financial liabilities at amortized cost: Financials liabilities carried at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

The following table shows the classification and carrying value of the Company's financial instruments on adoption of IFRS 9:

	Measurement Category		January 1, 2018 Carrying Amount		
Financial assets:	**Original (IAS 39)**	**New (IFRS 9)**	**Original (IAS 39)**	**New (IFRS 9)**	**Difference**
Cash	Loans and receivables	Amortized cost	992,755	992,755	-
Accounts and other receivables	Loans and receivables	Amortized cost	97,449	97,449	-
Loans receivable	Loans and receivables	Amortized cost	1,077,532	1,077,532	-
Notes receivable	Loans and receivables	Amortized cost	1,347,907	1,347,907	-
US real estate participation loans	Loans and receivables	Amortized cost	312,428	312,428	-
Long-term investments	FVTPL	FVTPL	474,769	474,769	-
Financial liabilities:					
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	386,435	386,435	-
Loans payable	Other financial liabilities	Amortized cost	160,464	160,464	-
Mortgages payable	Other financial liabilities	Amortized cost	1,916,621	1,916,621	-

The Company has adopted the following new standards, along with any consequential amendments, effective January 1, 2018. These changes were made in accordance with the applicable transitional provisions.

IFRS 2 – Share-based payments ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled.

IFRS 15 – Revenue From Contracts With Customers ("IFRS 15") replaced IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The adoption of IFRS 15 did not have any material impact on the financial statements.

Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after January 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements ("IAS 1") and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8") were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier adoption is permitted.

IAS 23 – Borrowing Costs ("IAS 23") was amended in April 2018 to clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

Financial Instruments

Financial assets and financial liabilities as at December 31, 2018:

	Assets & liabilities at amortized cost	Assets & liabilities at fair value through profit and loss	Total
December 31, 2018			
Cash	$ 981,354	$ -	$ 981,354
Accounts and other receivables	140,597	-	140,597
Notes receivable	243,771	-	243,771
Long-term investments	-	684,895	684,895
Accounts payable and accrued liabilities	(379,954)	-	(379,954)
Loans payable	(176,148)	-	(176,148)
Mortgages payable	(2,925,500)	-	(2,925,500)

The Company's has loans receivable outstanding and a significant portion of the Company's assets are currently comprised of financial instruments which can expose it to several risks, including market, liquidity, credit and currency risks. As a result of the change in business, there are new risks, objectives, policies and procedures compared to the previous year as discussed below. A discussion of the Company's use of financial instruments and their associated risks is provided below:

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favorable prices. In addition, a significant portion of the Company's investments are in the resource sector. The Company mitigates this risk by attempting to have a portfolio which is not singularly exposed to any one issuer, with exception to the Company having one position as at December 31, 2018 which made up of approximately 36% (December 31, 2017 – 31%) of the total equity portfolio.

For the year ended December 31, 2018, a 10% decrease in the closing price of this concentrated position would result in an estimated increase in net loss of $30,000 (December 31, 2017 - $14,000).

For the year ended December 31, 2018, a 10% decrease (increase) in the closing prices of its other portfolio investments would result in an estimated increase (decrease) in net loss of $53,000 (December 31, 2017 - $33,400).

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. As at December 31, 2018 the Company's current liabilities totaled $583,581 and cash totaled $981,354. The Company generates cash flow from advisory fees, loan interest, rental income and payment processing services.

The Company manages liquidity risk by reviewing the amount of cash available, to ensure that it can meet its current obligations. There is no guarantee that the Company will be able to continue to meet its current obligations.

	Carrying amount	Contractual cash flows	Year 1	Year 2-3	Year 4-5	Greater than 5 years
Accounts payable and accrued liabilities	$ 379,954	$ 379,954	$ 379,954	$ -	$ -	$ -
Mortgages payable	2,925,500	3,360,501	585,693	438,524	2,336,284	-
Loans payable	176,148	188,986	144,928	16,800	27,258	-
Total	$ 3,481,602	$ 3,929,441	$ 1,110,575	$ 455,324	$ 2,363,542	$ -

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts and other receivables and notes receivable.

Security was obtained against specific assets of the counterparty, in case of non-performance on the notes receivable. The total carrying value of these financial instruments at December 31, 2018 was $243,771 (December 31, 2017 - $1,347,907). One lendee make up 97% of the Company's notes receivable balance, at December 31, 2018 (December 31, 2017 – three lendees make up 21%, 19% and 15%). Management considered the potential impairment of loans and receivables and recorded an impairment for the years ended December 31, 2018 and 2017.

The Company's advisory service revenues are primarily derived from a small number of customers within Canada. The Company had three customers who represented 40%, 28% and 17% of advisory service revenues in 2018 (2017 consulting fees revenue – one customer who represented 76% of consulting fee revenues). There can be no assurance that all or any of the Company's customers will continue to engage in the Company's services. The loss of any such customer may have a materially negative impact on the Company business conditions and financial results.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and a portion of its loans receivable and investments are in United States dollars. A significant change in the currency exchange rates between the United States dollar relative to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Contractual Obligations and Commitments

The Company is party to certain management contracts. These contracts contain aggregate minimum commitments of approximately $315,000 (December 31, 2017 - $315,000) ranging from 12 to 18 months and additional contingent payments of up to approximately $240,000 (December 31, 2017 - $240,000) upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

The Company has discontinued mining operations in various jurisdictions and has written down the carrying value of the related assets to nominal amounts. An estimate of the total liability, if any, for which the Company might become obligated as a result of its role as operator, guarantor or indemnifier, is not determinable, nor expected to be material, and no amount has been provided for in these condensed interim consolidated financial statements.

The Company may become party to legal proceedings and other claims in the ordinary course of its operations. Litigation and other claims are subject to many uncertainties and the outcome of individual matters is not predictable. Where management can estimate that there is a loss probable, a provision is recorded in the consolidated financial statements. Where proceedings are at a premature stage or the ultimate outcome is not determinable, then no provision is recorded. It is possible that the final resolution of any such matters may require the Company to make expenditures over an extended period of time and in a range of amounts that cannot be reasonably estimated and may differ significantly from any amounts recorded in these consolidated financial statements. Should the Company be unsuccessful in its defense or settlement of one or more of legal actions or other claims, there could be a materially adverse effect on the Company's financial position, future expectations, and cash flows.

The Company leases its office under a lease agreement which commenced October 1, 2016, the following is a summary of its lease commitments for the term of the lease:

< 1 year from reporting date	$	45,136
1 to 2 years from reporting date		45,136
2 to 3 years from reporting date		45,136
	$	135,408

Fair value of financial instruments

The Company has determined the carrying values of its financial instruments as follows:

i. The carrying values of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties approximate their fair values due to the short-term nature of these instruments.
ii. Notes receivable, long-term notes receivable and long-term investments are carried at amounts in accordance with the Company's accounting policies as set out in Note 3 of the audited consolidated financial statements.
iii. Mortgages payable approximate their fair values due to the short time since they were received.
iv. Prior to maturity, the outstanding notes receivable are carried at their discounted value. Following their maturity, loans receivable are carried at their estimated realizable value.

The following table illustrates the classification and hierarchy of the Company's financial instruments, measured at fair value in the consolidated statements of financial position as at December 31, 2018 and 2017:

Investments, fair value	Level 1 (Quoted market price)	Level 2 (Valuation technique - observable market inputs)	Level 3 (Valuation technique - non-observable market inputs)	Total
Publicly traded investments	$ 500,979	$ 133,915	$ -	$ 634,894
Private investments	-	-	50,000	50,000
December 31, 2018	$ 500,979	$ 133,915	$ 50,000	$ 684,894
Publicly traded investments	$ 348,714	$ 31,055	$ -	$ 379,769
Private investments	-	-	95,000	95,000
December 31, 2017	$ 348,714	$ 31,055	$ 95,000	$ 474,769

Outstanding share data

As at December 31, 2018, the Company had 65,911,750 common shares issued and outstanding, 447,110 preferred "Class – A" shares issued and outstanding and 33,550 preferred "Class – B" shares issued and outstanding. In addition, the Company has 35,045,965 common share purchase warrants outstanding priced at between $0.075 and $0.25 and 2,250,000 stock options entitling the holder to acquire an additional common share by paying $0.10 to $0.12 per common share.

As at April 30, 2019, the Company had 92,911,750 common shares issued and outstanding, 467,110 "Class- A" preferred shares issued and outstanding and 33,550 "Class – B" preferred shares issued and outstanding. In addition, the Company has 33,111,465 common share purchase warrants outstanding priced at between $0.075 and $0.25 and 2,250,000 stock options entitling the holder to acquire an additional common share by paying $0.10 to $0.12 per common share.

Transactions with Related Parties

JIT Financial Inc.
During the year ended December 31, 2017, the Company loaned $31,538 to JIT, in which the Company acquired a 12.5% ownership stake. As result of this stake, the Company appointed one of its officers to the Board of Directors of JIT. JIT is in the cash clearing business. The loan bears interest at a rate of 10% per annum and the Company charges a royalty of $0.05 per transaction on certain transactions processed by JIT. The loan is repayable on a basis of $0.25 per transaction on certain transactions processed by JIT. The loan is secured by a first charge and security interest in all of the present and after-acquired personal property and assets of the borrower pursuant to a general security agreement.

During the year ended December 31, 2017, the Company loaned $1,000,000 to JIT, through a promissory note and a number of amendments of the promissory note. The loan bears interest at a rate of $0.30 per transaction on certain transactions processed by JIT. The loan is secured by a first charge and security interest in all of the present and after-acquired personal property and assets of the borrower pursuant to a general security agreement. During the year ended December 31, 2018, this loan was fully repaid to the Company.

On June 1, 2018, the Company disposed of its interest in JIT for $nil as part of exiting the cash clearing business. Operations related to JIT have been disclosed as discontinued operations in the Company's consolidated statement

of loss and comprehensive loss.

Other related parties
During the years ended December 31, 2018 and 2017, the Company entered into the following transactions in the ordinary course of business with related parties that are not subsidiaries of the Company.

	Revenue earned from services	
	Years ended December 31,	
	2018	**2017**
Advantagewon Oil Corporation	**$ 59,939**	$ 420,000
Meryllion Resources Corporation	**30,000**	10,000
Bitblox Technologies Inc.	**68,000**	2,500

The Company has a common officer with Advantagewon Oil Corporation and has two common officers with Meryllion Resources Corporation and Bitblox Technologies Inc. Included in accounts receivable are $28,278 owing from Meryllion and $nil owing from Bitblox as at December 31, 2017 (2017 - $2,825 and $325). In addition to the above revenues, the Company also earned $29,803 in interest income from Advantagewon in the year ended December 31, 2018.

Compensation of key management personnel of the Company
The remuneration of directors and other members of key management personnel during the period was as follows:

	Year ended December 31,	
	2018	**2017**
Short-term benefits	**$ 253,200**	$ 227,000
Share-based payments	**-**	15,500

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

As at December 31, 2018, the Company owed $5,374 (December 31, 2017 - $5,374) to an officer of the Company and $nil (December 31, 2017 - $6,000) to directors of the Company. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

Off Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Proposed Transactions

The Company is not party to any proposed transactions that have not been disclosed elsewhere in this MD&A.

Risks Related to Our Business

We have limited operating history.

We have limited operating history, our financial position is not robust, and we lack profitable operations to date. The Company has incurred net losses since inception and may continue to incur net losses while it builds its business and as such it may not achieve or maintain profitability. On May 18, 2016, the Company changed its business to "Merchant Banking" from "Mining and Exploration". The timeframe that the Company has been in the Merchant Banking space is very short compared to its competitors. The Company's limited operating history in Merchant Banking also makes it difficult to evaluate the Company's business and prospects, and there is no assurance that the business of the Company will grow or that it will become profitable.

Because of our limited operating history in Merchant Banking it is difficult to extrapolate any meaningful projections about the Company's future. We do not have significant assets with which to press our plans forward. Our competitors are significantly better funded than we are. This could prove detrimental in that we may not have the funds to attract potential clientele. There is no assurance that our revenues will continue to grow.

We have historically incurred significant losses and our financial situation creates doubt whether we will continue as a going concern.

During the year ended December 31, 2018, the Company realized a net loss of $2,625,683 compared with a net loss of $337,154 for the year ended December 31, 2017. As of December 31, 2018, the Company had a working capital of $477,111 and shareholders' equity of $3,497,918. There are no assurances that we will be able to achieve a level of revenues adequate to generate sufficient cash flow from operations or obtain additional financing through private placements, public offerings and/or bank financing necessary to support our working capital requirements. To the extent that funds generated from any private placements, public offerings and/or bank financing are insufficient, we will have to raise additional working capital. No assurance can be given that additional financing will be available, or if available, will be on acceptable terms. The Company may periodically have to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. If adequate working capital is not available we may be forced to discontinue operations, which would cause investors to lose their entire investment.

We are an early stage company.

The Company is an early stage company. As such, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and lack of revenues. The current state of the Company requires significant additional expenditures before any cash flow may be generated. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of its success must be considered in light of its early stage of operations.

Our future growth may be limited

The Company's ability to achieve its expansion objectives and to manage its growth effectively depends upon a variety of factors, including the Company's ability to develop its brand awareness to attract clientele, to attract and retain skilled employees, to successfully position and market its products & services, to capitalize on the potential opportunities it is pursuing and potential opportunities it could pursue with third parties, and to find sufficient funding.

We engage in cross border lending transactions in the U.S.A which presents tax risks among other obstacles

Cross-border lending transactions carry a risk of changes in tax and/or duties related to the import and export of our services, which can result in pricing changes, which will affect revenues and earnings. Cross-border lending transactions carry other risks including, but not limited to, changing regulations, wait times and changes in foreign exchange rates.

We rely on key personnel.

The Company's success will also depend in large part on the continued service of its key operational and management personnel, including executive staff, research and development, engineering, marketing and sales staff. Most specifically, this includes its CEO, CFO and Business Development Team. The Company faces intense competition for these professionals from its competitors, customers and other companies throughout the industry. Any failure on the Company's part to hire, train and retain a sufficient number of qualified professionals could impair the business of the Company.

We may not be successful in our potential business combinations

The Company may, in the future, pursue acquisitions of other complementary businesses to increase its revenues. The Company may also pursue strategic alliances and joint ventures that leverage its core services and industry experience to expand its services offerings and geographic presence. The Company has limited experience with respect to acquiring other companies and limited experience with respect to forming collaborations, strategic alliances and joint ventures. If the Company were to make any acquisitions, it may not be able to integrate these acquisitions successfully into its existing business and could assume unknown or contingent liabilities. Any future acquisitions the Company makes, could also result in large and immediate write-offs or the incurrence of debt and contingent liabilities, any of which could harm the Company's operating results. Integrating an acquired company also may require management resources that otherwise would be available for ongoing development of the Company's existing business.

We will need financing in order to grow our business.

From time to time, in order to expand operations the Company will need to incur additional capital expenditures. These capital expenditures are intended to be funded from third party sources, including the incurring of debt and/or the sale of additional equity securities. In addition to requiring additional financing to fund capital expenditures, the Company may require additional financing to fund working capital, sales and marketing, general and administrative expenditures and operating losses. The incurrence of debt creates additional financial leverage and therefore an increase in the financial risk of the Company's operations. The sale of additional equity securities will be dilutive to the interests of current equity holders. In addition, there can be no assurance that such additional financing, whether debt or equity, will be available to the Company or that it will be available on acceptable commercial terms. Any inability to secure such additional financing on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Company.

Global economic conditions may adversely affect our industry, business and results of operations.

Our overall performance depends, in part, on worldwide economic conditions which historically is cyclical in character. The United States and Canada have largely worked its way out of an economic recession while other key international economies continue to be impacted by a recession, characterized by falling demand for a variety of goods and services, restricted credit, going concern threats to financial institutions, major multinational companies and medium and small businesses, poor liquidity, declining asset values, reduced corporate profitability, extreme volatility in credit, equity and foreign exchange markets and bankruptcies. By way of example, the

borrowers that the Company lends funds to, may or may not be as affected by economic slow-down or recession as other industries or market segments. Currently, these conditions can be expected to change. In markets where sales occur and go into recession, these conditions affect the rate of spending and could adversely affect the Companies we invest in, customers' ability or willingness to purchase our products, and delay prospective customers' purchasing decisions, all of which could adversely affect our operating results. In addition, in a weakened economy, companies that have competing products may reduce prices which could also reduce our average selling prices and could harm our operating results.

Risks Related to Our Shareholders and Purchasing common and preferred shares.

Our shares may continue to be subject to illiquidity because our common shares and "Class – A" preferred shares may continue to be thinly traded.

There are also continuing eligibility requirements for companies listed on public trading markets. If we are unable to satisfy the continuing eligibility requirements of any such market, then our common shares and "Class – A" preferred shares may be delisted. This could result in a lower trading price for both our "Class – A" preferred shares and common shares and may limit your ability to sell them, any of which could result in you losing some or all of your investments.

Our "Class – B" preferred shares are currently not listed on any stock exchange and therefore have very limited market. It is possible that our "Class – B" preferred shares may never qualify for listing onto a stock exchange.

We have never paid dividends on our common shares.

We have never paid cash dividends on our common shares and do not presently intend to pay any cash dividends on our common shares in the foreseeable future. Investors should not look to dividends as a source of income.

In the interest of reinvesting initial profits back into our business, we do not intend to pay cash dividends in the foreseeable future on our common shares. Consequently, any economic return will initially be derived, if at all, from appreciation in the fair market value of our common shares, and not as a result of dividend payments.

We have the right to accrue the dividends on our "Class – A" & "Class – B" preferred shares and do not have to make payments.

We expect to issue more shares in an equity financing, which may result in substantial dilution.

Our articles of incorporation authorize the Company to issue an unlimited amount of Common Shares and up to 10% of our common share total as preferred shares. Any equity financing effected by the Company may result in the issuance of additional securities without stockholder approval and may result in substantial dilution in the percentage of both our common shares or our preferred Shares held by our then existing stockholders. Moreover, preferred shares and common shares issued in any equity financing transaction may be valued on an arbitrary or non-arm's length basis by our management, resulting in an additional reduction in the percentage of common shares and preferred shares held by our then existing stockholders. Our board of directors has the power to issue any or all of such authorized but unissued shares without stockholder approval. To the extent that additional common shares or preferred shares are issued in connection with a business combination or otherwise, dilution to the interests of our stockholders will occur and the rights of the holders of common shares might be materially adversely affected.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com.