MICRON WASTE TECHNOLOGIES INC.

Management's Discussion and Analysis of Financial Position and Results of Operations

For the year ended December 31, 2016 and the period ended December 31, 2015

July 12, 2017

OVERVIEW

The following management discussion and analysis ("MD&A") is a review of the operations, current financial position and outlook for Micron Waste Technologies Inc. (the "Company" or "Micron"), and should be read in conjunction with the Company's audited financial statements and the accompanying notes for the year ended December 31, 2016 and the period ended December 31, 2015.

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included herein and in the following discussion and analysis are quoted in Canadian dollars unless otherwise noted.

The financial information in this MD&A is derived from the Company's financial statements prepared in accordance with IFRS. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of risk factors beyond its control. Actual results may differ materially from the expected results.

DESCRIPTION OF THE COMPANY'S BUSINESS

The Company was incorporated as Effluent Water Technologies Inc. under the Business Corporations Act of British Columbia, Canada on July 20, 2015. On November 15, 2016, the Company changed its name to Micron Waste Technologies Inc. The head office, principal address and records office of the Company are located at Suite 915 – 700 West Pender Street, Vancouver, BC, V6C 1G8.

The principal business of the Company is to offer and deliver integrated, cost effective and environmentally sound organic waste management systems to businesses that produce organic waste in Canada. The Company has developed a patent-pending technology that transforms organic waste into clean water that meets municipal effluent discharge standards.

The Company's future capital requirements will depend on many factors, including the costs of developing its systems, operating costs, the current capital market environment and global market conditions. As at December 31, 2016, the Company has a working capital deficiency of $356,696 (2015 – $21,115) and a cumulative deficit of $331,792 (2015 - $58,891). For significant operating expenditures and development, the Company will almost exclusively depend on outside capital until it generates revenues. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company's operating commitments and further development plans. The issuance of additional equity securities by the Company may result in significant dilution to the equity interests of current shareholders. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the further success of the business could be adversely affected.

PROPOSED TRANSACTIONS

On June 2, 2017, the Company entered into an Amalgamation Agreement (the "Agreement") with Finore Mining Inc. ("Finore"), a company, which was incorporated on November 29, 2006 under the Business Corporations Act of British Columbia. Finore was listed for trading on the Canadian National Stock Exchange on February 4, 2008 under the trading symbol "OTB". On September 26, 2011, Finore changed its name to "Finore Mining Inc." and the Finore Shares commenced trading on the Canadian Stock Exchange (the "CSE") on September 26, 2011 under the trading symbol "FIN". The head office of Finore is located at Suite 915-700 West Pender Street, Vancouver, British Columbia V6C 1G8 and its registered office address is 915-700 West Pender Street, Vancouver, British Columbia V6C 1G8.

The Agreement is structured as a three-cornered amalgamation whereby the Company will amalgamate with a newly incorporated British Columbia subsidiary of Finore, and all the issued and outstanding shares of the Company (the "Micron Shares") are exchanged for common shares of Finore (the "Finore shares") with the Company becoming a subsidiary of Finore (the "Proposed Transaction"). Following the completion of the Proposed Transaction all of the securityholders of the Company will become security holders of Finore.

Prior to closing of the Proposed Transaction, Finore will change its name to Micron Waste Technologies Inc., or such other name as agreed by the parties, and will complete a consolidation of the Finore Shares on the basis of one post-consolidated Finore Shares for every two pre-consolidation Finore Shares. Pursuant to the Proposed Transaction, the shareholders of the Company will receive one post-consolidated Finore Share for each Micron Share. No concurrent financing is anticipated to occur in connection with the Proposed Transaction.

Upon completion of the Proposed Transaction, all of the outstanding share purchase warrants of the Company will cease to represent a right to acquire Micron Shares and will instead provide the right to acquire post-consolidated Finore Shares, all in accordance with the adjustment provisions provided in the certificates representing the warrants.

The Proposed Transaction is subject to, among other things, receipt of the approval of the shareholders of the Company and Finore, approval of the CSE and standard closing conditions.

OVERALL PERFORMANCE

DEVELOPMENT ASSETS

The organic waste management system developed by the Company is processed by the Company's patent-pending technology, which manages food waste on-site, and converts it into clean water. The clean water generated in this process can be recycled or reused. Unlike other food waste systems in the market, the Company's waste digester is a closed loop system where effluent released from the food digester is processed by the patent-pending technology, and recycled back into the system. The effluent parameters such as Biological Oxygen Demand ("BOD"), Chemical Oxygen Demand ("COD"), Total Suspended Solids ("TSS"), Fats Oils and Grease ("FOG"), color, odour are reduced below the acceptable limits of North American municipal standards.

Microbial technology plays a very critical role in the food waste digestion process. Micron has developed microencapsulation and immobilization techniques to protect its unique hard-working microorganisms from the harsh environment inside the food digester.

It is important to note that one type of microorganism cannot digest all types of food wastes. For efficient food waste degradation within a given time of 24 hours, it needs diverse range of microorganisms and enzymes blend with very short lag-phase. Using right combination of microorganisms and enzymes, not only the food waste digestion gets faster, but the quality of effluent is also greatly improved in terms of suspended solids, BOD, FOG, COD and bad odour.

The Company's in-house research and development team is working closely with its pilot customers in continuously developing its unique blends of microorganisms and enzymes for different types of food wastes such as mixed produce, meats, citrus peels, bakery dough, tobacco leaves, coffee grinds, high fat content, mixed grocery at supermarkets, and other potential customers.

During the period ended December 31, 2015, the Company incurred the total costs of $56,877 for the development assets.

During the year ended December 31, 2016, the Company incurred the total costs of $63,743 for the development assets.

On May 1, 2017, the Company issued 4,000,000 units at a price of $0.10 per unit to acquire the patent pending technology, developed by a director of the Company. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of five years at a price of $0.25.

RESULTS OF OPERATIONS

The Company had comprehensive loss of $272,901 for the year ended December 31, 2016 (From inception date of July 20, 2015 to December 31, 2015 – $58,891). The Company's operating expenses included the following:

- Amortization of $1,491 (2015 - $701)
- Business development of $5,577 (2015 - $4,722)
- Consulting fees of $216,667 (2015 - $50,000)
- Office and miscellaneous of $3,453 (2015 - $3,468)
- Professional fees of $14,029 (2015 - $Nil)
- Repairs and maintenance of $19,458 (2015 - $Nil)
- Shipping, freight and delivery of $8,114 (2015 - $Nil)
- Subcontract of $1,000 (2015 - $Nil)
- Supplies of $3,112 (2015 - $Nil)

Business development expenses of $5,577 (2015 - $4,722) relate to fees paid for developing the Company's brand, maintaining the current projects and promoting the Company.

Consulting fees of $216,667 (2015 - $50,000) relate to fees paid to consultants of the Company for consultation on the Company's current and prospective projects. These general consulting expenses cannot be directly attributed to any particular project and have therefore been expensed as general consulting.

Office and miscellaneous expenses of $3,453 (2015 - $3,468) relate to expenses paid for administration and support.

Professional fees of $14,029 (2015 - $Nil) consist of expenses relating to the Company's financial recording and reporting activities, and legal expenses in connection with legal advice and guidance for the operations of the Company and its compliance.

Repairs and maintenance expenses of $19,458 (2015 - $Nil) relate to service fees paid for maintaining the Company's development assets.

Shipping, freight and delivery expenses of $8,114 (2015 - $Nil) relate to brokerage and shipping charges paid for delivering parts ordered for building the development assets.

Subcontract expenses of $1,000 (2015 - $Nil) relate to fees paid for removing, disposing junk.

Supplies of $3,112 (2015 - $Nil) consist of expenses relating to small tools and supplies purchased for building the development assets.

The overall increase in expenses from the same period last year is attributed to an increase in the general operational, management, and compliance activities of the Company.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

The Company's operating results from the last six quarters are summarized as follows:

	Three months ended December 31, 2016	*Three months ended September 30, 2016*	*Three months ended June 30, 2016*	*Three months ended March 31, 2016*	*Three months ended December 31, 2015*	*From inception date of July 20, 2015 to September 30, 2015*
Revenue	$Nil	$Nil	$Nil	$Nil	$Nil	$Nil
Net loss	$247,859	$9,173	$4,785	$11,084	$58,891	$ -
Loss per share	$0.124	$0.004	$0.002	$0.005	$0.029	$ -

The decreased net loss in the quarter ended March 31, 2016 compared with the quarter ended December 31, 2015 was primarily due to the consulting fees of $50,000, business development of $4,722, and office and miscellaneous of $3,468 incurred in the quarter ended December 31, 2015.

The overall expenses incurred in the quarter ended September 30, 2016, June 30, 2016 and March 31, 2016 were comparable and primarily attributed to repair and maintenance expenses, shipping, freight and delivery and supplies expenses incurred for building the development assets.

The increased net loss in the quarter ended December 31, 2016 compared with the quarter ended September 31, 2016 was primarily due to the professional fees of $13,000, consulting fees of $216,667 and business development of $5,577 incurred in the quarter ended December 31, 2016.

REVIEW OF FINANCIAL RESULTS

The following table provides a summary of the Company's financial operations for the year ended December 31, 2016, and the period ended December 31, 2015.

	Year ended December 31, 2016	*Period ended December 31, 2015*
Total assets	$170,286	$94,759
Property and equipment	4,284	5,347
Development assets	120,620	56,877
Working capital (deficiency)	(356,696)	(21,115)
Shareholders' equity	(231,792)	41,109
Revenues	Nil	Nil
Total comprehensive income (loss)	(272,901)	(58,891)
Earnings (loss) per share	(0.14)	(0.03)

The financial results reflect the Company's levels of activity from the inception date of July 20, 2015 to December 31, 2016. Since the period ended December 31, 2015, the assets have increased by $75,527, development assets have increased by $63,743, and shareholders' equity has decreased by $272,901.

FOURTH QUARTER RESULTS

During the quarter ended December 31, 2016, the Company had a net loss of $247,859 compared to a net loss of $58,891 for the of quarter ended December 31, 2015. The operational expenses consist of business development expenses of $5,577 (2015 - $4,722), accounting and audit fees of $13,000 (2015 - $Nil), amortization expenses of $373 (2015 - $701), consulting fees of $216,667 (2015 – $50,000), repair and maintenance expenses of $7,544 (2015 - $Nil), shipping, freight and delivery of $2,406 (2015 - $Nil), office and miscellaneous expenses of $1,762 (2015 - $3,468), and supplies of $530 (2015 - $Nil).

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2016, the Company had net working capital deficiency of $356,696 (December 31, 2015 – $21,115) and cash of $33,095 (December 31, 2015 - $29,841). The Company anticipates similar general and administrative expenses over the next quarters and anticipates significant expenditures relating to its current projects. For the Company to have sufficient liquidity to meet its obligations for the current and next fiscal years, it will require significant funds from either equity or debt financing.

As of the date of this report, there were 28,877,000 common shares and 27,044,200 warrants outstanding.

Transactions after the year ended December 31, 2016:

On April 13, 2017, the Company issued 3,250,000 units at a price of $0.05 per unit for net proceeds of $162,500. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of five years at a price of $0.25.

In addition, the Company issued 8,000,000 units at a price of $0.05 per unit for net proceeds of $400,000 used to settle due to related party amounts of $306,875. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of five years at a price of $0.25.

On May 1, 2017, the Company issued 4,000,000 units at a price of $0.10 per unit to acquire the patent, developed by a director of the Company. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company for a period of five years at a price of $0.25.

On May 1, 2017, the Company issued 1,100,000 units at a price of $0.10 per unit for net proceeds of $110,000. The units are comprised of one common share and one transferable share purchase warrant, with each warrant entitling the holder to purchase one additional common share of the Company at a price of $0.25 for a period of two years from the issuance date.

On June 1, 2017, the Company closed a private placement for 10,527,000 units of the Company at a price of $0.25 per unit for net proceeds of $2,589,950. The units are comprised of one common share and one transferable share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company for a period of two years at an exercise price of $0.50. In connection with the private placement, finders fees of $41,800 and 167,200 warrants were issued to a third party.

Transactions during the year ended December 31, 2016:

There were no common share issuances or warrants granted during the year ended December 31, 2016.

Transactions during the period ended December 31, 2015:

During the period ended December 31, 2015, the Company issued 2,000,000 common shares with a fair value of $0.05 per share.

Cash Flow Activities:

Cash balances increased by $3,254 during the year ended December 31, 2016 and increased by $29,841 during the period ended December 31, 2015.

During the year ended December 31, 2016, cash used in operating activities was $210,575 compared to cash used in operating activities of $7,234 during the period ended December 31, 2015. The increased in cash used in operating activities is primarily attributed to the higher expenditures on professional fees, consulting fees, repair and maintenance, supplies and shipping, freight and delivery.

Cash used in investing activities during the year ended December 31, 2016 was $64,171 compared with cash used in investing activities of $62,925 during the period ended December 31, 2015. The cash used in investing activities in both periods is primarily attributed to expenditures for development assets.

Cash provided by financing activities during the year ended December 31, 2016 was $278,000, compared with cash provided by financing activities of $100,000 during the period ended December 31, 2015. The cash provided by financing activities in 2015 was a result of the funds received from issuance of common shares, and the cash provided by financing activities in 2016 was a result of the funds received from related parties of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements as at December 31, 2016 or as of the date of this report.

TRANSACTIONS WITH RELATED PARTIES

The amounts due to related parties are due to the directors and officers of the Company. The balances are unsecured, non-interest-bearing and have no specific terms for repayment. These transactions are in the normal course of operations and recorded in these financial statements at the fair value of services performed.

As at December 31, 2016, $278,000 (2015 - $Nil) was due to directors and officers of the Company.

	December 31, 2016	December 31, 2015
Amount due to a company with directors in common	$275,000	$Nil
Company controlled by CFO	3,000	-
	$278,000	$Nil

During the year ended December 31, 2016 and the period ended December 31, 2015, the Company entered into the following transactions with related parties:

	December 31, 2016	December 31, 2015
Consulting fees	$166,667	$Nil
Accounting fees	3,000	-
	$169,667	$Nil

The above consulting fees were paid to companies with common directors, and the above accounting fees were paid to a company owned by the CFO of the Company.

During the period ended December 31, 2015, the Company issued 2,000,000 common shares to the directors and officers of the Company.

CRITICAL ACCOUNTING ESTIMATES

For a detailed summary of the Company's significant accounting policies, the readers are directed to Note 2 of the Notes to the audited financial statements for the year ended December 31, 2016.

RISKS AND UNCERTAINTIES

The Company believes that the following risks and uncertainties may materially affect its success.

Limited Operating History

The Company has no history of business operations, revenue generation or production history. The Company was incorporated on July 20, 2015 and has yet to generate a profit from its activities. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its growth objective. The Company anticipates that it may take several years to achieve positive cash flow from operations.

Substantial Capital Requirements and Liquidity

Substantial additional funds for the establishment of the Company's current and planned operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures, operating expenses and development costs are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, and pursue only those development plans that can be funded through cash flows generated from its existing operations.

Regulatory Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations governing development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. There can be no assurance that all permits which the Company may require for the facilities and conduct of operations will be obtainable on reasonable terms or that such laws and regulation would not have an adverse effect on any development project which the Company might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in operations may be required to compensate those suffering loss or damage, and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulation and permits governing operations and activities of companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or development costs or require abandonment or delays in the development of new projects.

Financing Risks and Dilution to Shareholders

The Company will have limited financial resources, no operations and no revenues. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity, which will result in dilution to the Company's shareholders.

Competition

There is competition within the waste management industry. The Company will compete with other companies, many of which have greater financial, technical and other resources than the Company, as well as for the recruitment and retention of qualified employees and other personnel.

Intellectual Property

The Company has developed a patent-pending technology ("Intellectual Property") that transforms organic waste into clean water that meets municipal effluent discharge standards. The Company may be unable to prevent

competitors from independently developing or selling products similar to or duplicate of the Company, and there can be no assurance that the resources invested by the Company to protect the Intellectual Property will be sufficient. The Company may be unable to secure or retain ownership or rights. In addition, the Company may be the target of aggressive and opportunistic enforcement of patents by third parties, including non-practicing entities. Regardless of the merit of such claims, responding to infringement claims can be expensive and time-consuming. If the Company is found to infringe any third-party rights, it could be required to pay substantial damages or it could be enjoined from offering some of products and services. Also, there can be no assurances that the Company will be able to obtain or renew from third parties the licenses it needs in the future, and there is no assurance that such licenses can be obtained on reasonable terms.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon on the performance of the directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Governmental Regulations and Processing Licenses and Permits

The activities of the Company are subject to Canadian and provincial approvals, various laws governing prospecting, development, land resumptions, production taxes, labour standards and occupational health, toxic substances and other matters. Although the Company believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner, which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities, or more stringent implementation thereof, could have a material adverse impact on the business, operations and financial performance of the Company. Further, the licenses and permits issued in respect of its projects may be subject to conditions which, if not satisfied, may lead to the revocation of such licenses.

Conflicts of Interest

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of the Company may become subject to conflicts of interest. The British Columbia Business Corporations Act ("BCBCA") provides that in the event that a director has a material interest in a contract or proposed contract or agreement that is material to the issuer, the director must disclose his interest in such contract or agreement and refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with the BCBCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA.

Litigation

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

FORWARD-LOOKING STATEMENTS

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made and represent management's best judgment based on facts and assumptions that management considers reasonable, that operating and capital plans will not be disrupted by issues such as mechanical failure, unavailability of parts and supplies, labor disturbances, interruption in transportation or utilities, or adverse weather conditions, and that there are no material unanticipated variations in the cost of energies or supplies. The Company makes no representation that reasonable business people in possession of the same information would reach the same conclusions.

This MD&A may include certain “forward-looking statements” within the meaning of applicable Canadian securities legislation. All statements other than statements of historical facts, included in this MD&A that address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future business strategy, competitive, strengths, goals, expansion and growth of the Company’s businesses, operations, plans and other such matters are forward looking statements. When used in this MD&A, the words “estimate”, “plan”, "anticipate", “expect”, “intend”, "believe" and similar expressions are intended to identify forward-looking statements.

These statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, risks related to the unavailability of capital and financing on acceptable terms, unfavorable market conditions, inherent risks involved in business operations and activities, inability to obtain required regulatory approvals, unanticipated difficulties or costs in any rehabilitation which may be necessary, market conditions and general business, economic, competitive, political and social conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Additional factors are discussed in the section titled “Risks”.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable securities laws, the Company does not intend, and does not assume any obligation, to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on the forward-looking statements.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New and revised IFRS issued but not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods noted below. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. Management is currently evaluating the impact of these standards.

New accounting standards effective December 1, 2016

Disclosure Initiative (Amendments to IAS 1 *Presentation of Financial Statements*)

The amendments:

- Clarify the existing presentation and disclosure requirements in IAS 1, including the presentation of line items, subtotals and notes; and
- Provide guidance to assist entities to apply judgment in determining what information to disclose, and how that information is presented in their financial statements.

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 *Income Taxes*)

The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

This standard is effective to the Company's annual period beginning January 1, 2017.

Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

This standard is effective to the Company's annual period beginning January 1, 2017.

IFRS 9 *Financial Instruments*

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

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

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

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

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

- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

This standard is effective to the Company's annual period beginning January 1, 2018.

IFRS 15 *Revenue from Contracts with Customers*

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

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

- Revenue is recognized based on a five-step model:
  1. Identify the contract with customer;
  2. Identify the performance obligations;
  3. Determine the transaction price;
  4. Allocate the transaction price to the performance obligations; and,
  5. Recognize revenue when (or as) the performance obligations are satisfied.
- New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

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

IFRS 16 *Leases*

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

The main features of the new standard are as follows:

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

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

This standard is effective to the Company's annual period beginning January 1, 2019.

FINANCIAL AND OTHER INSTRUMENTS

i) Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the financial instrument was required. The Company's accounting policy for each category is as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or if it is a derivative that is not designated and effective as a hedging instrument.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the intention and ability to hold to maturity. They are measured at amortized cost using the effective interest method less any impairment loss. A gain or loss is recognized in net income when the financial asset is derecognized or impaired, and through the amortization process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held-to-maturity investments, or FVTPL. They are measured at fair value. Fair value is determined based on market prices. Equity instruments that do not have a quoted market price in an active market are measured at cost. Gains and losses are recognized directly in other

comprehensive income until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in net income for the year.

Loans and receivables

Loans and receivables are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

ii) Financial liabilities

Financial liabilities are classified as other financial liabilities or FVTPL, based on the purpose for which the liability was incurred.

FVTPL

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amount originally received, net of transaction costs, and the maturity amount is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date.

The Company has classified its financial instruments as follows:

- Cash is classified as FVTPL; and
- Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

The fair values of cash, accounts payable and accrued liabilities, and due to related parties approximate their carrying values due to the short-term maturity of these instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. The levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

As at December 31, 2016 and 2015, the Company's financial instruments measured at fair value are as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
December 31, 2016				
Cash	33,095	-	-	33,095
Due to related party	278,000	-		278,000
Accounts payable and accrued liabilities	124,078	-	-	124,078
Total	435,173	-	-	435,173
December 31, 2015				
Cash	29,841	-	-	29,841
Accounts payable and accrued liabilities	53,650	-	-	53,650
	83,491	-	-	83,491

OTHER MATTERS

Legal proceedings

The Company is not aware of any legal proceedings.

Contingent liabilities

At the date of report, management was unaware of any outstanding contingent liability relating to the Company's activities.

DIRECTORS

Certain of the directors and officers of the Company will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required to act in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his/her interest and abstain from voting in the matter(s). In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at the time.

Current Directors of the Company are as follows:

Kulwant Malhi, President
Bharat Bhushan, CEO
Alfred Wong
Rauni Malhi

APPROVAL

The board of Directors of the Company has approved the disclosure contained in this Management Discussion and Analysis. A copy will be provided to anyone who requests it.

On Behalf of the Board of Directors,

"Kulwant Malhi"

President and Director

July 12, 2017