

ROCKSHIELD CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED MAY 31, 2021

This discussion and analysis of financial position and results of operation is prepared as at July 23, 2021 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and the accompanying notes for the six months ended May 31, 2021, of Rockshield Capital Corp. ("Rockshield" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

Forward Looking Statements

This report includes certain statements that may be deemed "forward looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward looking statements and, as such, are subject to risks, uncertainties and other factors of which are beyond the reasonable control of the Company. Such statements are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward looking information. With respect to forward looking statements and information contained herein, we have made numerous assumptions including among other things, assumptions about economics and competition surrounding the services provided by the Company, anticipated costs and expenditures and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward looking statement or information herein will prove to be accurate. Forward looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or information. Factors that could cause actual results to differ materially from those in forward looking statements include such matters as continued availability of capital and financing and general economic, market or business conditions. Although the Company has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward looking statements or information, there may be other factors that cause actual results, performances, achievements or events not to be anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward looking statements or information. Any forward looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

COVID-19

During March 2020 the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a material adverse impact on global economies. In order to combat the spread of COVID-19 governments worldwide, including Canada, have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures.

Determining the impact of COVID-19 on the valuation of the Company's investment portfolio required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

Company Overview

The Company was incorporated under the provisions of the B.C. Business Company Act on October 23, 2007. The Company's common shares trade on the Canadian Securities Exchange ("CSE") with the trading symbol of "RKS", on the OTCBB under the symbol "RKSCF" and the Frankfurt Stock Exchange under the symbol "6BC". The Company is a reporting issuer in British Columbia, Alberta and Ontario. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

Since 2014 the Company has focused on providing venture capital funding to early stage seed investments and investment in marketable securities, focusing on high growth sectors. As a junior venture capital firm and merchant bank, the Company is subject to risks and challenges similar to other companies in a comparable stage. These risks include, but are not limited to, dependence on key individuals, investment risks, market risks, illiquid securities and the ability to maintain adequate cash flows. See also "COVID-19".

On April 23, 2021 the Company entered into a binding letter of intent to assume the contractual rights to acquire various equity interests in a number of companies operating in the plant-based food market as described in "Proposed Investments".

Investment Portfolio

The Company's investments in marketable securities include common shares and other equity instruments of Canadian and U.S. companies that are listed on various Canadian stock exchanges or the OTCBB in the United States of America. The majority of the marketable securities instruments are shares of companies in the mining, energy, financial technology, medical technology and cannabis industries. The Company also holds investments in common shares of private companies which plan to publicly list their shares. In January 2021 the Company announced that it had updated and amended its investment policy by broadening the spectrum of investments to include plant-based foods, food alternatives and vegan-friendly alternatives. As of the date of this MD&A, no investments have been made in these sectors.

Management has designated its investments in common shares and warrants of publicly traded companies as "investments in equity/debt instruments" with the change in fair value recognized in or loss. The carrying values of the common shares have been directly referenced to published price quotations in an active market. The carrying values of equity and debt investments in unlisted private companies are valued at fair value using non-discernible market inputs based on specific company information and general market conditions. The carrying values of the unlisted warrants are valued at fair value using the Black-Scholes option pricing model.

The Company has been actively managing its investment portfolio. During the six months ended May 31, 2021 the Company made investment purchases totalling \$nil (2020 - \$604,603) and sold certain of its investment portfolio for proceeds totalling \$1,256,373 (2020 - \$437,573), recognizing a loss of \$231,581 (2020 - \$926,955). In addition, the Company recorded an unrealized gain of \$1,301,568 (2020 - loss of \$250,759) on investments held.

As at May 31, 2021 the carrying value of the investment portfolio was \$1,305,885 (November 30, 2020 - \$1,492,271).

Proposed Investments

On April 23, 2021 the Company entered into a binding letter of intent ("LOI") with Novel Agri-Technologies Inc. ("Novel") pursuant to which the Company will assume Novel's contractual rights to acquire 100% of two, and 75% of a third, private arm's length plant-based food companies (combined the "Target Companies").

Under the terms set out in the LOI the Company will issue up to 85,000,000 common shares (the "Consideration Shares") of the Company and provide a total cash consideration of \$3,000,000 to the shareholders of the Target Companies and Novel, in which \$1,000,000 was made now (the "Initial Payment") and the remaining \$2,000,000 payable on closing (the "Closing") of the investments in the Target Companies (the "Plant-based Investments"). In the event the Plant-based Investments are not completed \$750,000 of the Initial Payment will be converted to a three-year term loan to Novel bearing interest at a rate of 8% per annum. It is anticipated that Novel will receive at Closing a profits interest in the Target Companies convertible into its respective share of the Consideration Shares.

The completion of the Plant-based Investments are subject to the negotiation of definitive acquisition agreements with each of the Target Companies, which shall include customary closing conditions. The Company is working through its due diligence on each prospective investment and has not completed all its due diligence and, accordingly, there may be adjustments. Finders' fees are payable in connection with the Plant-based Investments. Further deferred considerations are payable in shares or cash at the Company's election.

The Company's plant-based investments are to develop a seed-to-market operation that includes raw ingredients, processing, pulse fractionation, unique IP, and premium consumer packaged goods. Combining these three proven and complementary companies through a series of strategic investments provides Rockshield with industry-leading management in Novel and achieves the first phase of the Company's entrance into the rapidly expanding global plant-based foods market.

One of the Targeted Companies' crops include dried peas, fava beans, lentils and chickpeas; and processing through processes such as fractionation and extrusion creates the main proteins used in the majority of plant-based products on the market today. Examples of this include, Beyond Meat, Impossible Foods, and the largest ingredient supplier in the world, Ingredion, and many of the other companies' products.

Selected Financial Data

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company.

Three Months Ended	Fiscal 2021		Fiscal 2020				Fiscal 2019	
	May 31, 2021 \$	Feb. 28, 2021 \$	Nov. 30, 2020 \$	Aug. 31, 2020 \$	May 31, 2020 \$	Feb. 29, 2020 \$	Nov. 30, 2019 \$	Aug. 31, 2019 \$
Operations:								
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expenses	(1,948,506)	(797,051)	(7,859)	(71,315)	(102,049)	(84,060)	(84,559)	(104,213)
Other items	(227,643)	1,314,221	34,440	455,024	(240,836)	(919,963)	(924,433)	(906,877)
Net income (loss)	(2,176,149)	517,170	26,581	383,709	(342,885)	(1,004,023)	(1,008,992)	(1,011,090)
Income (loss) per share - basic and diluted	(0.02)	0.01	0.00	0.01	(0.01)	(0.02)	(0.03)	(0.01)
Dividend per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Balance Sheet:								
Working capital	7,765,940	9,257,347	5,035,130	5,035,554	4,634,658	4,960,356	5,937,282	6,937,853
Total assets	9,074,937	9,333,070	5,043,430	5,066,140	4,658,660	4,974,363	5,968,347	6,959,978
Total long-term liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Results of Operations

Three Months Ended May 31, 2021 Compared to Three Months Ended February 29, 2021

During the three months ended May 31, 2021 ("Q2") the Company reported a net loss of \$2,176,149 compared to net income of \$517,170 for the three months ended February 28, 2021 ("Q1"), an increase in loss of \$2,693,319. The increase in loss is primarily due to the recognition of an unrealized loss on investments held of \$178,737 during Q2 compared to an unrealized gain on investments held of \$1,480,305 during Q1 and the recognition of share-based compensation of \$1,820,738 in Q2 compared to \$697,062 in Q1.

Six Months Ended May 31, 2021 Compared to the Six Months Ended May 31, 2020

During the six months ended May 31, 2021 (the "2021 period") the Company reported a net loss of \$1,658,979 compared to a net loss of \$1,346,908 for the six months ended May 31, 2020 (the "2020 period"), an increase in loss of \$312,071. The increase in loss was primarily attributed to an increase in expenses of \$2,559,448 from \$186,109 during the 2020 period to \$2,745,557 during the 2021 period. The increase in expenses was partially offset by the Company recording an unrealized gain on investments held of \$1,301,568 during the 2021 period compared to an unrealized loss of \$250,759 during the 2020 period and a realized loss on the sale of investments of \$231,581 during the 2021 period compared to a loss of \$926,955 during the 2020 period. Specific fluctuations in expenditures are as follows:

- (i) during the 2021 period the Company recorded share-based compensation of \$2,517,800 compared to \$44,284 during the 2020 period;
- (ii) during the 2021 period the Company incurred directors and officers compensation \$41,344 (2020 - \$57,738). See “Related Party Disclosures” for details;
- (iii) during the 2021 period the Company incurred legal fees of \$35,299 (2020 - \$710) for general corporate matters and the normal course issuer bid (“NCIB”) submission; and
- (iv) during the 2021 period the Company incurred \$74,767 (2020 - \$nil) for professional fees for assistance in listing on the Depository Trust Company eligibility.

During the 2021 period the Company generated interest income of \$18,133 (2020 - \$16,131) which was attributed to interest from demand deposits held.

Financing Activities

During the 2021 period the Company completed a non-brokered private placement of 40,000,000 units for proceeds of \$3,000,000. In addition the Company issued 200,000 common shares for \$30,000 on the exercise of warrants.

On April 30, 2021 the Company filed a NCIB submission authorizing the Company to repurchase for cancellation up to 4,473,534 common shares. The NCIB will expire on April 30, 2022. No shares were repurchased by the Company as at May 31, 2021. See also “Outstanding Share Data”.

No financing activities were conducted by the Company during the 2020 period.

Investment Activities

During the 2021 period the Company made investment purchases totalling \$nil (2020 - \$604,603) and sold certain of its investments for proceeds of \$1,256,373 (2020 - \$437,573). The Company also deposited \$1,000,000 on the proposed investment in the Target Companies. See also “Investment Portfolio”.

Financial Condition / Capital Resources

During the 2021 period the Company recorded a net loss of \$1,658,979 and, as at May 31, 2021, had working capital of \$7,765,940. On April 23, 2021 the Company entered into the LOI with Novel. The Company anticipates that it has sufficient funds to manage its investments and meet current levels of corporate operations. The Company may complete other opportunities which may entail significant expenditures and, as a result, the Company may be required to obtain additional financing or sell its investments as required. However, the investments are comprised of common shares in early-stage development and the share prices are often volatile and there may be limited liquidity. See also “Investment Portfolio - Proposed Investments”.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

See “Investment Portfolio - Proposed Investments”.

Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through or loss (FVTPL); amortized cost; and fair value through other comprehensive income (“FVOCI”). The carrying values of the Company’s financial instruments are classified into the following categories:

Financial Instrument	Category	May 31, 2021 \$	November 30, 2020 \$
Cash	FVTPL	6,584,268	3,542,588
Advance receivable	Amortized cost	9,000	3,000
Investments	FVTPL	1,305,885	1,492,271
Deposit on proposed investment	Amortized cost	1,000,000	-
Accounts payable and accrued liabilities	Amortized cost	(176,672)	(8,300)

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

Fair Value

The fair values of the Company's financial assets and liabilities approximates the carrying amounts either due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

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

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amounts for amounts receivable, advances receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The recorded amounts for cash, investments and deposit on investment approximate their fair value. The fair value of cash and investment in common shares under the fair value hierarchy is measured using Level 1 and Level 3 inputs. The fair value of deposit on proposed investment is measured using Level 3 inputs.

The following is an analysis of the Company's financial assets measured at fair value as at May 31, 2021 and November 30, 2020:

	May 31, 2021		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	6,584,268	-	-
Investments	1,305,885	-	-
Deposit on proposed investment	-	-	1,000,000
	<u>7,890,153</u>	<u>-</u>	<u>1,000,000</u>
	November 30, 2020		
	Level 1 \$	Level 2 \$	Level 3 \$
Cash	3,542,588	-	-
Investments	1,492,271	-	-
	<u>5,034,859</u>	<u>-</u>	<u>-</u>

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at May 31, 2021				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	6,584,268	-	-	-	6,584,268
Advance receivable	9,000	-	-	-	9,000
Investments	1,305,885	-	-	-	1,305,885
Deposit on proposed investment	-	-	-	1,000,000	1,000,000
Accounts payable and accrued liabilities	(176,672)	-	-	-	(176,672)

	Contractual Maturity Analysis at November 30, 2020				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	3,542,588	-	-	-	3,542,588
Advance receivable	3,000	-	-	-	3,000
Investments	1,492,271	-	-	-	1,492,271
Accounts payable and accrued liabilities	(8,300)	-	-	-	(8,300)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices. These fluctuations may be significant.

(a) **Interest Rate Risk**

The Company is exposed to interest rate risk to the extent that the cash and demand deposits bear floating rates of interest. The interest rate risk on cash and on the Company's obligations, are not considered significant.

(b) **Equity Price Risk**

The Company holds investments in publicly traded equity securities. Market prices for equity securities are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value.

(c) **Concentration Risk**

As at May 31, 2021, \$1,101,648 of the Company's portfolio of investments was held in one company. This investment represents approximately 84% of the Company's investment portfolio and poor performance in the market price of this investment could adversely affect the Company's results. The Company has also deposited \$1,000,000 on a proposed investment.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support its investments. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new investment opportunities as they arise and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There have been no changes to the Company's approach to capital management during the six months ended May 31, 2021 or fiscal 2020. The Company is not subject to any externally imposed capital requirements.

Changes in Accounting Policies

There are no changes in accounting policies.

Related Party Disclosures

(a) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and executive officers.

(i) During the 2021 and 2020 periods the following compensation amounts were incurred:

	2021	2020
	\$	\$
Mr. Dave Doherty, President, CEO and Director	26,344	28,378
Mr. Nick DeMare, CFO and Director	15,000	15,000
Mr. Daniel Sorger, Director ⁽¹⁾	-	14,000
Share-based compensation - Mr. Dave Doherty	187,490	16,401
Share-based compensation - Mr. Nick DeMare	32,499	1,640
Share-based compensation - Mr. Daniel Sorger ⁽¹⁾	-	9,841
Share-based compensation - Mr. Marc Cernovitch	24,995	8,201
Share-based compensation - Daniel Brody ⁽²⁾	603,394	-
Share-based compensation - Nick Grafton ⁽²⁾	189,369	-
	<u>1,079,091</u>	<u>93,461</u>

(1) Mr. Sorger was not nominated for re-election as a director of the Company at the Company's AGM held September 29, 2020.

(2) Mr. Brody and Mr. Grafton were elected as new directors at the Company's AGM held September 29, 2020.

As at May 31, 2021 \$4,225 (November 30, 2020 - \$nil) remained unpaid.

(ii) During the 2021 period the Company incurred a total of \$31,300 (2020 - \$25,550) by Chase Management Ltd. ("Chase"), a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at May 31, 2021 \$10,500 (November 30, 2020 - \$6,500) remained unpaid.

During the 2021 period the Company recorded \$137,495 share-based compensation for share options, DSUs and RSUs granted to Chase. During the 2020 period the Company recorded \$8,201 share-based compensation for 250,000 DSUs granted to Chase.

(b) The Company has made ongoing advances to Rockshield Opportunities Corp. ("Rockshield Opportunities") a company which was initially incorporated as a wholly-owned subsidiary of the Company and of which its common shares were subsequently distributed to the Company shareholders. Certain of the Company's directors remain as directors of Rockshield Opportunities. As at May 31, 2021 \$9,000 (November 30, 2020 - \$3,000) is outstanding, which are non-interest bearing and repayable on demand.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares without par value. As at July 23, 2021 there were 89,530,687 issued and outstanding common shares and 43,350,333 warrants outstanding at an exercise price of \$0.15 per share and expiring January 15, 2023. In addition, the Company has 7,700,000 share options outstanding, exercisable at \$0.56 per share and expiring February 26, 2026, and 8,900,000 RSUs outstanding expiring February 26, 2023.

As of the date of this MD&A the Company has repurchased a total of 272,500 common shares for \$142,997 cash consideration under the NCIB for cancellation.