

LOOPShare Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis (this “**MD&A**”) is dated August 29, 2019 and is intended to assist the reader in understanding the results of operations and financial condition of LOOPShare Ltd., the “Company” or “LOOPShare”). This MD&A should be read in conjunction with the following information that can be obtained from www.sedar.com:

- i. the Company’s unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2019 and accompanying notes;
- ii. the Company’s Annual Management’s Discussion and Analysis dated May 1, 2019 (“Annual MD&A”); and

Unless otherwise noted, results are reported in Canadian dollars, which is the Company’s functional currency, and are reported in accordance with International Financial Reporting Standards (“**IFRS**”). References to USD are references to United States dollars.

CAUTION ON FORWARD-LOOKING INFORMATION

This MD&A contains certain “forward-looking information” and “forward-looking statements” (collectively “**forward-looking statements**”) within the meaning of applicable Canadian securities legislation. When we discuss our strategy, plans, outlook, future financial and operating performance, financing plans, growth in cash flow and other events and developments that have not yet happened, we are making forward-looking statements. All statements in this MD&A that address events or developments that we expect to occur in the future are forward-looking statements, including the following:

- our intention to ship scooters equipped with our devices directly from the manufacturer;
- the development and capabilities of LOOPShare (as defined herein) platform to enable scooter sharing operations;
- our plan to launch operations by partnering with operators worldwide;
- our plan to continue the development of our devices to provide for manufacturing cost savings;
- our plan to continue the development of the next generation SVD400G device (as defined herein);
- our plan to commence additional scooter sharing field trials;
- plans to deploy scooters in cities globally including Vancouver, Beirut and Japan;
- our expectations in relation to the Berytech Business Arrangement (as defined herein);
- our expectations in relation to working capital;
- our expectations in relation to our future financial needs;
- our expectations in relation to a business arrangement with Loop s.a.l. (as defined herein);
- our expectations with respect to the GreenMo (as defined herein) transaction; and
- our expectations with respect to the intellectual property acquired from Raytroniks.

Forward-looking statements are statements that are not historical facts and are generally, although not always, identified by words such as “expect”, “plan”, “anticipate”, “project”, “target”, “potential”, “schedule”, “forecast”, “budget”, “estimate”, “intend” or “believe” and similar expressions or their negative connotations, or that events or conditions “will”, “would”, “may”, “could”, “should” or “might” occur. All such forward-looking statements are based on the opinions and estimates of management as of the date such statements are made. Forward-looking statements necessarily involve assumptions, risks and uncertainties,

certain of which are beyond the Company's control, including the following:

- our dependence on suppliers and customers;
- our untested business model;
- our completion of additional financing to continue operations;
- our ability to attract qualified operators;
- the competitive nature of the transportation sharing market; our ability to manage our growth;
- geopolitical risks;
- exchange rate risks;
- regulatory risks;
- our future operations;
- our dependence on key personnel; dilution to present and prospective shareholders;
- the lack of a market for our securities; and
- our share price.

As we are entering into a new business segment, future operations are uncertain and there is a risk that there will be a limited market for our services. In addition, operational challenges such as licensing, regulation and product and service costs are uncertain and may vary from country to country.

The Company assumes no responsibility to revise forward-looking statements to reflect new information, subsequent events or changes in circumstances, except as required by applicable securities laws.

1. Description of the Business

LOOPShare Ltd. (formerly Kenna Resources Corp., the "Company" or "LOOPShare") was incorporated under the provisions of The Business Corporations Act (Saskatchewan) on September 25, 2009. On September 4, 2014, the Company completed its continuance to British Columbia under the Business Corporations Act (British Columbia). The Company's head office, principal address and the registered and records office are located at 106 – 131 Water Street, Vancouver, BC V6B 4M3. The Company trades on the TSX Venture Exchange under the symbol "LOOP" and on OTCQB under the symbol "LPPPF".

During the year ended December 31, 2016, the Company acquired all of the outstanding securities of Saturna Green Systems Inc. ("Saturna") in exchange for the issuance of securities of the Company and changed its name to LOOPShare Ltd. (the "Transaction"). The Company, with Saturna as its wholly owned subsidiary, now pursues the business of Saturna which is the expansion of its Loop™ micro-mobility rideshare system.

The Company develops and deploys connected end-to-end Telematics-based solutions for inner-city transportation vehicles, specifically geared toward Transportation as a Service ("TaaS"). The Company specializes in the connected vehicle industry with a focus on two wheel electric vehicles. Saturna has developed a ruggedized 7" touch screen dashboard ("SVD400") for factory installation.

The accompanying consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. Such

adjustments could be material. The Company is dependent upon raising debt and equity financing to provide the funding necessary to meet its general operating expenses and will require additional financing to continue to develop and deploy its TaaS technology and micro-mobility rideshare system, and settle liabilities. The Company has incurred losses since inception and expects to incur further losses in the development of its business. As at June 30, 2019, the Company had a net working capital deficiency of \$490,875 (December 31, 2018 - \$218,905 net working capital) and a cumulative deficit of \$14,290,273 (December 31, 2018 - \$12,582,374). These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

2. Business Model

The Company's primary focus is on establishing a micro-mobility rideshare system, primarily using electric scooter-sharing, throughout the world through a network of third party operators. LOOPShare both operates its own fleet of electric scooters and plans to sell connected scooters to LoopZone™ operators as part of a turnkey, "plug-and-play" business solution. The Company will provide ongoing services generating monthly recurring revenue. In addition, the Company will continue to sell its SVD400 device to scooter and motorcycle manufacturers worldwide.

3. Growth Strategy

LOOPShare's business model is designed to be highly scalable, supported by software it has developed. "LOOP" branded scooters can be shipped from the factory in China to cities around the world, already homologated to meet local transport authority requirements and localized for market specific requirements.

LOOP plans to engage local Zone Operators world-wide based on criteria developed for size of local market, financial capacity and operating requirements.

4. Overall Performance

a) Operations for the Six Months Ended June 30, 2019

During the six months ended June 30, 2019 the Company continued the support of Loop s.a.l., its Zone Operator in Lebanon, and the commercial and operational field trial of 43 Loop scooters in the city of Beirut, Lebanon.

On February 13, 2019, the Company announced it has begun a worldwide expansion of its Loop™ micro-mobility rideshare system with the purchase of more than 400 custom-configured sit-down scooters from a top-tier global manufacturer. The Company plans to deploy the 400 e-scooters across the globe with a current launch anticipated for Q3, 2019.

The Company also issued 18,240,000 class "A" common shares to Raytroniks, in return for a portfolio of intellectual property assets. The purchased assets include the rights to the 'Scoot-E' brand, including the trademarks for 'Scoot-E', 'Scoot-E-Bike' and 'Scoot-E-Bike by Raytroniks.' The Company intends to integrate the 'Scoot-E' brand into its portfolio of intellectual property and use it to help drive awareness of its core rideshare micro-mobility business model.

b) Business Arrangement

On February 3, 2016 and November 14, 2016 the Company entered into agreements (collectively the “**Berytech Agreements**”) with Berytech Fund II s.a.l. (Holding) (“**BTFII**”), Berytech Fund Management s.a.l. (Holding) (“**BTFM**”), Loop s.a.l., and Anwar Sukkarie, a director and officer of the Company. Loop is a Lebanese company incorporated for the purpose of this business arrangement (the “**Berytech Business Arrangement**”).

Pursuant to the Berytech Agreements, BTFII advanced Loop USD 1,300,000 by way of an initial instalment of USD 610,000 and a second installment of USD 690,000. The amount could be increased to an aggregate of USD 2.5 million, upon agreement of all parties to the Berytech Agreements.

On April 18, 2019, the Company issued 8,424,943 class A common shares for an effective 100% ownership and control of the Affiliate company as a result of the cashless exercise of pre-existing warrants by a 40% independent shareholder and investor in the Affiliate company. The shares are subject to an escrow agreement, with incremental releases over a 36-month period. Mr. Sukkarie also transferred his 59.995% ownership interest in Loop s.a.l. to the Company for a nominal amount (US\$1.00) as previously stipulated in the warrant terms. The remaining 0.005% of Loop s.a.l. continues to be owned by an independent director of Loop s.a.l., as required by Lebanese law for companies domiciled in the country.

c) GreenMo Transaction

April 8, 2019 the Company announced a letter of intent with GreenMo Rent BV (“**GreenMo**”) to expand its electric scooter ridesharing service into Europe.

The Company and GreenMo intended to launch a pilot deployment of 55 electric scooters for ridesharing in the Netherlands. At this time, the pilot is on hold as GreenMo is evaluating moving forward with its own ridesharing service. As a result the Company does not intend to launch this pilot in the near term and it is possible it will never be developed.

d) CEO Transition

On July 16, 2019, the Company announced that it has put in place a succession plan for the Company’s President & CEO where Mr. Sukkarie will continue in his role as President & CEO during a transition period that extends to December 31, 2019. At the end of the transition period, Mr. Sukkarie will be transferred the Company’s interest in Loop s.a.l. and take over Loop s.a.l. and its operations in Lebanon, subject to the necessary regulatory approvals and upon meeting certain LOOPShare conditions designed to enhance collective value and growth opportunities. Loop s.a.l. will continue as a Master Zone Operator of the Company, led by Mr. Sukkarie and will continue providing support to LOOPShare in an advisory capacity.

5. Future Plans and Outlook

a) Future Plans and Outlook

The Company is planning to perform the following activities during the year ending December 31, 2019:

Plans
a) Continue the development of the next generation SVD400 and SVD400G devices to provide for manufacturing cost savings which had been originally planned for 2016.
b) Complete the deployment of the over 400 VMOTO electric scooters as part of the Company's scooter sharing operations in cities around the globe.
c) Obtain certification of the SVD400G device. Certification requirements relate specifically to third-party certification of the modem in territories where such certification is required and has not been provided by the modem supplier. In addition to the planned certification of the next generation SVD400 device the Company will plan to homologate its next generation Loop scooter in required markets.
d) Commence scooter sharing field trials in Vancouver, British Columbia, Tokyo, Japan and at least three additional cities.
e) Field trials were launched with the Company's 'minimal viable software solution' in 2018. It is planned that in 2019 a fully scalable software release will be launched along with user interfaces and an office suite;

6. Summary of Quarterly Results

Quarterly results for the three and six months ended June 30, 2019 and 2018 are as follows:

Results	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Amortization of property and equipment	2,252	5,295	4,504	12,425
Amortization of intangible asset	129,275	-	154,775	-
Finance costs	172,099	-	309,461	-
Debt issue expense	-	-	-	1,053
General and administrative	224,053	12,064	850,761	367,990
Research and development	103,595	240,136	206,239	327,653
Sales and marketing	6,330	55,720	13,136	101,691
Share-based compensation	93,629	10,442	185,792	23,963
Total Expenses	731,233	323,657	1,724,668	834,775
Net loss before other items	(731,233)	(323,657)	(1,724,668)	(834,775)
Other items				
Currency gain (loss)	28,309	(46,213)	16,769	(53,891)
Government grant income	-	371,602	-	371,602
Gain on sale of land	-	35,000	-	35,000
Other income	-	-	-	-
Net Income (Loss)	(702,924)	36,732	(1,707,899)	(482,064)
Other comprehensive gain (loss)				
Foreign currency translation adjustment	(4,478)	(34,037)	(11,630)	(51,420)
Total comprehensive income (loss)	(707,402)	2,695	(1,719,529)	(533,484)
Earnings (loss) per share – basic and diluted	\$ (0.00)	\$ 0.00	\$ (0.02)	\$ (0.01)
Weighted average number of common shares	109,829,728	42,541,256	95,212,700	42,307,923

a) Expenses

Overall total expenses for the six months ended June 30, 2019 increased by 107% over the prior year. This increase is mainly due to finance costs in connection with the Company's convertible debentures, amortization in connection with the Company's intangible asset, and financial marketing expenses.

i) General and Administrative

General and administrative expense for the six months ended June 30, 2019 increased by 131%

over the prior year. This increase is mainly due to an agreement entered into for financial marketing services for an aggregate cost of USD \$250,000.

ii) Research and Development Expense

Research and development expense for the six months ended June 30, 2019 decreased by 37% over the prior year mainly due to cash flow restrictions.

iii) Sales and Marketing Expense

Sales and marketing expense for the six months ended June 30, 2019 decreased by 87% over the prior year primarily. The decrease was a result of a cash flow deficiency and therefore any expenses not related to the development of the Company's technology were scaled back.

iv) Share Based Compensation Expense

The share-based compensation expense for the six months ended June 30, 2019 of \$185,792 is comprised of \$106,174 share-based compensation to Anwar Sukkarie for his performance shares and \$79,618 share-based compensation for the vesting of options granted in 2016, 2018, and the grant of 950,000 options during the period. Share-based compensation for the prior period was \$23,963 and primarily comprised of share-based compensation to Anwar Sukkarie (compensation and performance shares).

v) Finance costs

Finance costs for six months ended June 30, 2019 is \$309,461 compared to \$Nil during the six months ended June 30, 2018. The majority of finance costs is comprised of \$137,693 accretion expense and \$170,503 interest expense in connection with the Company's convertible debentures.

Summary of Quarterly information:

The Company has not previously reported loss per share information for quarters other than the quarters prior to June 30, 2016.

	June 30, 2019	March 31, 2019	December 31, 2018	For the quarters ended				
				September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	-	-	-	-	-	-	115,695	66,271
Cost of Sales	-	-	-	-	-	-	303,201	59,584
Gross Margin	-	-	-	-	-	-	(187,506)	6,687
Total expenses	(731,233)	(993,435)	1,053,435	330,540	323,657	511,118	778,950	520,313
Net loss before other items	(731,233)	(993,435)	(1,053,435)	(330,540)	(323,657)	(511,118)	(966,456)	(513,626)
Exchange gain (loss)	28,309	(11,540)	70,839	(13,078)	(46,213)	(7,678)	(16,688)	3,674
Gain on settlement of debt and accounts payable	-	-	123,579	-	-	-	-	-
Other income	-	-	-	-	-	-	(2,174)	-
Other expense	-	-	(2,587)	-	-	-	-	-
Gain on asset disposal	-	-	639	-	-	-	-	-
Gain on sale of mineral property interest	-	-	-	-	35,000	-	-	-
Loss on settlement of debt with share exchange agreement	-	-	(1,000,000)	-	-	-	-	-
Inventory write-down	-	-	(47,386)	-	-	-	-	-
Government grant income	-	-	-	-	371,602	-	-	-
Net loss	(702,924)	(1,004,975)	(1,908,351)	(343,618)	36,732	(518,796)	(985,318)	(509,952)
Other comprehensive income (loss)	(4,478)	(7,152)	13,767	25,948	(34,037)	(17,383)	9,604	6,237
Total comprehensive loss	(707,402)	(1,012,127)	(1,894,584)	(317,670)	2,695	(536,179)	(975,714)	(503,715)

Second Quarter Results

Three months ended June 30, 2019 and 2018

The Company's net loss for the three months ended June 30, 2019, was \$702,924 compared to net income

of \$36,732 for the three months ended June 30, 2018. This change is mainly due to finance costs in connection with the Company's convertible debentures and amortization in connection with the intangible asset incurred in the three months ended June 30, 2019 combined with government grant income received in the same period in the prior year.

Six months ended June 30, 2019 and 2018

The Company's net loss for the six months ended June 30, 2019, was \$1,707,899 up from \$482,064 for the six months ended June 30, 2018. This increase is mainly due to finance costs in connection with the Company's convertible debentures, amortization in connection with the intangible asset, and financial marketing expenses.

There are no known trends or seasonal impacts on the Company's business although it is anticipated that seasonal trends will develop as the Company grows, which will be mitigated in part due to the planned global nature of the Company's business.

7. Financial Position

Summary of Financial Position	June 30, 2019	December 31, 2018
Current assets	\$1,406,512	\$1,701,296
Total assets	\$4,542,824	\$1,737,605
Current and total liabilities	\$4,480,336	\$4,056,727
Deficit	\$(14,290,273)	\$(12,582,374)
Shareholders' equity (deficiency)	\$62,488	\$(2,319,122)

a) Assets

The 17% decrease in current assets was mainly due to a decrease in cash of \$1,242,421 used for operating purposes.

As at June 30, 2019, total assets increased by 161% from total assets at December 31, 2018 primarily due to the acquisition of the Scoot-E brand which has been recorded as an intangible asset on the balance sheet as well as the acquisition of Loop s.a.l.'s assets.

b) Liabilities

Total liabilities as at June 30, 2019 increased by \$423,609 compared to December 31, 2018. This is primarily due to the Company receiving loans during the six months ended June 30, 2019.

c) Foreign Currency Loss

During the six months ended June 30, 2019 the Company realized a currency loss of \$11,630 (2018 –

\$7,678).

8. Non-recurring Transactions

Not Applicable

9. Liquidity and Capital Resources

The Company is reliant on its ability to raise capital in order to settle its debts as they come due. As at June 30, 2019, the Company had a working capital deficiency of \$490,875; an increase in working capital deficiency of \$709,780 over its December 31, 2018 working capital of \$218,905.

Current operating capacity for the year ending December 31, 2019 is estimated to be \$4,000,000, comprised \$1,890,000 of operating expenditures based on expenditures for the year ended December 31, 2018, less non-recurring costs and less applicable subsidies. Additional capital will be required to meet estimated operating expenditures for 2019.

Estimated operating expenditures for the ensuing 12 month period ending December 31, 2019 (not committed)	Required funding
Engineering and design	\$1,385,000
Sales and marketing	\$190,000
Operations and administration	\$973,000
Inventory	\$400,000
Planned Growth	\$1,052,000
Total funds required for operations	\$4,000,000

As at June 30, 2019, the Company had \$40,681 cash, a decrease of \$847,948 compared to a cash balance of \$888,629 at December 31, 2018. The decrease was due to cash used for operating activities of \$1,242,421 offset with cash from financing activities of \$399,381.

10. Related Party Transactions

Key Management Compensation

The Company incurred the following transactions with directors, officers and companies that are controlled by directors of the Company, during the three and six months ended:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Salary & management fees	\$ 19,500	\$ (16,500)	\$ 39,000	\$ 39,000
Consulting	35,280	-	70,560	-
Share-based compensation accrued/paid	67,729	7,136	142,556	20,246
	\$ 122,509	\$ (9,364)	\$ 252,116	\$ 59,246

The following amounts are payable to related parties as at June 31, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
Companies controlled by directors	\$ -	\$ 323,096
Accrued compensation	26,000	16,172
Expenses incurred by directors and officers on behalf of the Company	-	-
Due to directors and officers	26,440	4,200
	\$ 52,440	\$ 343,468

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at June 30, 2019, the Company has an obligation to issue class A common shares to a director and officer of the Company in the amount of \$75,000 (December 31, 2018 - \$75,000).

As at June 30, 2019, the Company has an obligation to issue performance shares to an Officer and Director.

Performance Shares

The company has issued performance shares to a director. As of June 30, 2019 the number of shares expected to vest was 3,499,999. The performance shares have no set expiry date. The fair value of the performance shares was based on an estimated vesting period of 1.5 years for the first performance condition and 2.5 years for the second performance condition, and the market price of the common shares of \$0.20 for total fair values of \$300,000 and \$400,000, respectively. Share-based compensation of \$106,174 for the six months ended June 30, 2019 (2018 - \$20,246) was recorded in the unaudited condensed consolidated statement of loss.

Royalty Arrangement

On May 29, 2016, the Company revised the terms of a royalty agreement that was previously entered into in 2014 with a corporation (the “**Royalty Company**”) owned by employees of the Company with respect to the forgiveness of past salary. Under the revised agreement a royalty of up to \$1,150,000 (the “Royalty Max”) is to be calculated quarterly and payable in common shares of the Company and the market value on the issue date. Directors and officers hold a beneficial interest of 70% of the royalty company and collectively have 33% voting interest.

The revised royalty agreement provides that the royalty will accrue as set out in the table below.

Number of cities to which 55 or more scooters were shipped	Value of royalty
The first (3) cities, in aggregate	\$69,000
Each one (1) subsequent city	\$34,500

Such royalty amounts will be settled in Shares at a price per share equal to the greater of \$0.13 per share and the market price per share, where “market price” is defined as a price equal to the Resulting Issuer’s 10 day volume weighted average price on the Exchange. The number of Common Shares of the Resulting Issuer issuable pursuant to the agreement will be determined on each of:

- December 31, 2017, in respect of scooters shipped prior to December 31, 2017 (the “First Record Date”),
- December 31, 2018, in respect of scooters shipped in the preceding year (the “Second Record Date”), and
- December 31 of each subsequent year, in respect of scooters shipped in the preceding year, until the Royalty Max is achieved.

If (i) the value of the Shares calculated on the First Record Date or Second Record Date fall below \$300,000 or \$850,000, respectively, and (ii) the Company has generated positive EBITDA (as defined below) in the fiscal year preceding the applicable record date, then the royalty payable effective each of the First Record Date and the Second Record Date will be increased, only to the extent of 15% of such positive EBITDA, payable in cash or settled by the issuance of Shares, at the option of the Company. “EBITDA” means net earnings before interest, depreciation and taxes, and before non-recurring expenses, engineering costs, software development costs, design costs, research and development costs, commercialization costs including filing of patents and certifications.

The royalty agreement was treated as a contingent liability based on a future outcome and for which the payment is not probable, nor can it be measured reliably. At such time that the amount of the royalty can be calculated and it is probable that it will be due, the liability and expense will be recorded.

During the year ended December 31, 2018 the Company entered into a share exchange agreement with 1022313 B.C. LTD (the Royalty Company) whereby the Company has agreed to acquire all of the issued and outstanding capital of the Royalty Company in exchange for the issuance of 19,999,998 class A common shares of the Company with the fair value of the shares of \$1,000,000.

Since, the Royalty Company had no inputs, processes and outputs, the acquisition of the shares does not represent a business combination in accordance with IFRS 3. Due to this fact, the acquisition was accounted as asset acquisition. Since the royalty agreement acquired from the Royalty Company is based on the Company's own revenues it was determined that this contingent asset had no value and therefore it was recognized as a loss on settlement of debt with the exchange agreement for \$1,000,000 during the year ended December 31, 2018.

11. Off Balance Sheet Arrangements

On February 3, 2016 the Company entered into the Berytech Agreement, amended on September 7, 2016 under the Additional Investment Agreement, as more particularly described in note 10 to the Company's audited financial statements for the year ended December 31, 2018, and in the Company's Filing Statement dated May 29, 2016.

As of the date of this MD&A, BTFII invested USD 1,300,000 in Loop pursuant to the Berytech Business Arrangement. The investment is comprised USD 1,280,000 of debt and USD 20,000 for a 40% interest in Loop. On November 14, 2016 the Company issued a warrant to BTFII, which provides BTFII with the right to acquire 8,424,943 common shares of the Company at a deemed average exercise price of CAD \$0.206 per share (the "**Berytech Warrant**"). Consideration for the exercise of the Berytech Warrant will be comprised of Berytech's debt and equity interest in Loop.

The Company has entered into an option agreement with Anwar Sukkarie providing the Company with the right to acquire his 59.995% interest in the equity in Loop for a price of USD 1.00 subject to the exercise of the Berytech Warrant. The remaining 0.005% is held by an unrelated individual.

On April 18, 2019, the Company issued 8,424,943 class A common shares for an effective 100% ownership and control of the Affiliate company as a result of the cashless exercise of pre-existing warrants by a 40% independent shareholder and investor in the Affiliate company. The shares are subject to an escrow agreement, with incremental releases over a 36-month period.

12. Outstanding Share Data

As at the date of this MD&A, the Company had 112,072,295 class A common shares, 63,371,487 share purchase warrants and 11,150,000 stock options outstanding. The Company also has \$2,832,500 principal amount of convertible debentures outstanding, which if converted would result in the issuance of 56,650,000 class A common shares.

13. Risk Factors

The Company's risk factors are set out in the Annual MD&A and in the Filing Statement that can be found at www.sedar.com.

14. Non-IFRS Measures

The Company uses EBITDA (earnings before interest, taxes, depreciation and amortization), a non-IFRS

measure, to determine amounts due under the Royalty Agreement. Securities regulators require that issuers caution readers that measures adjusted to a basis other than IFRS do not have standardized meaning under IFRS and are unlikely to be comparable to similar measures used by other companies. EBITDA is presented solely as a supplemental disclosure in relation to the Royalty Agreement, in which EBITDA is defined as EBITDA after adding back non-recurring development costs.

New accounting standards effective January 1, 2019

IFRS 16 – Leases

IFRS 16 is a new standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. Adoption of this standard did not have a significant measurement or disclosure impact on the Company's unaudited condensed interim consolidated financial statements.

Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is measured at historical cost and is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment. Cash Generating Units ("CGUs") have been grouped for purposes of impairment testing. Impairment is determined for goodwill by assessing if the carrying value of CGUs which comprise the CGU segment, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in income in the reporting period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Business combinations ("IFRS 3")

In October 2018, the IASB issued an amendment to IFRS 3, effective for annual periods beginning on or after January 1, 2020 with early adoption permitted. The amendment clarifies that a business must include, at minimum, an input and a substantive process that together contribute to the ability to create outputs, and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets by providing supplemental guidance for assessing whether an acquired process is substantive. For acquisitions that are determined to be acquisitions of assets as opposed to business combinations, the Company allocates the transaction price to the individual identifiable assets acquired and liabilities assumed on the basis of their relative fair values, and no goodwill is recognized. Acquisitions that continue to meet the definition of a business combination are accounted for under the acquisition method, without any changes to the Company's accounting policy. The Company is currently assessing the impact of this standard.

15. Subsequent Events

On July 16, 2019, the Company announced that it has put in place a succession plan for the Company's President & CEO which is discussed above in this MD&A.

On July 18, 2019, 3,400,000 five-year incentive stock options, exercisable at a price of \$0.06 per Share, were granted to employees, directors, officers, and consultants of the Company, 40% vesting 12 months from the grant date; 30% vesting 24 months from the grant date; and 30% vesting 36 months from the grant date.

On July 12, 2019, the Company entered into a bridge loan facility ("Loan") that superseded the Original

Note for proceeds of USD \$271,850.00, comprising of USD \$151,850.00 of principal sum and accrued interest of the Original Note and an advancement of USD \$120,000.00. The Loan is repayable on the earlier of 90 days from issuance of the Loan or on the closing of any equity financing by the Corporation in an amount in excess of \$ 1.5 million. The loan will bear interest at a rate of 1% per 30-day period, payable when the loan is due. In connection with the Loan, the Lender will be issued bonus warrants entitling it to acquire 1,424,820 common shares of the Corporation at a price of \$0.05 per share. The bonus warrants are exercisable for a period of 12 months from the issuance of the Loan. The Warrants and the shares issuable on exercise of the warrants will be subject to a statutory hold period expiring on the date that is four months and one day after the issuance of the Loan.

16. Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it and can be obtained along with additional information at www.sedar.com.