

TRENCHANT CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the Nine Months ended December 31, 2021 and 2020

Date of Report: March 1, 2022

INTRODUCTION

This management's discussion and analysis (this "MD&A") is prepared as of March 1, 2022 and provides a review of the performance of Trenchant Capital Corp. (formerly Echelon Petroleum Corp.) (the "Company"). It should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended December 31, 2021 and audited consolidated annual financial statements for the fiscal year ended March 31, 2021, and related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All of the financial data herein has been prepared in accordance with IFRS, unless otherwise indicated, and all figures are stated in Canadian dollars.

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

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, and known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on any forward-looking statements contained in this MD&A. Such forward-looking statements are presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by applicable laws.

RISKS AND UNCERTAINTIES

Risk factors applicable to the Company and its business include:

- that the Company is an investment issuer and may be unsuccessful in developing this business or generating material revenues from it. The Company has only been able to complete two material investments being the Waiward Investment and the Omni Investment (together, the "Initial Investments") and may not be successful in making any additional investments. In this event, upon the maturity of its Initial Investments in 2022 and 2023, the Company's business as an investment issuer may end;
- that the borrower of either of the Initial Investments may be unable to service the Initial Investments, and that, as a result, the Company may default in its obligations with respect to the Debentures (as defined herein) which would have a detrimental effect on the value of the Company's securities;
- that the security underlying the Initial Investment may be insufficient to adequately satisfy any losses the Company may suffer as the result of any default by the borrower under either of the Initial Investments;
- portfolio exposure risks and sensitivity to macro-economic conditions, in particular as a result of COVID-19 which has impacted the business segments for the Initial Investments, particularly in Omni, which is in the business of long-term care facilities;
- risks related to the Company's investments in private issuers and illiquid securities, and the potential concentration of the Company's investments;
- due diligence risks and risks relating to non-controlling interests;
- that the Company may be unable to identify sources of income to generate material cash flow and revenue, and even if identified, such sources of income may be unavailable to the Company;
- that the Company is heavily reliant on its directors and management, and they only devote part of their time and efforts to the affairs of the Company;
- the possible tightening of the credit markets, global economic uncertainty, and counterparty risk;
- risks related to the Company's investment approach, objectives and strategy;
- that the Company's expectations regarding the performance of certain sectors may be incorrect;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;
- that the price of the Company's common shares on the Canadian Securities Exchange (the "CSE") is volatile;
- risks relating to available investment opportunities and competition for investments;

- the ability of the Company to obtain future financing on acceptable terms or at all;
- global financial conditions related to COVID-19 which have adversely affected the companies in which the Company has invested and the duration of which is undetermined at this time; and
- other risks that may arise from time to time that are beyond the knowledge and/or control of the Company.

Additional risk factors with respect to the Company's business and operations can be found in the Company's final long form prospectus dated May 8, 2019 (the "Prospectus"), as filed on SEDAR on May 8, 2019, which are available under the Company's profile at www.sedar.com and the Company's Canadian Securities Exchange (the "CSE") Listing Statement dated August 28, 2020 available at <https://www.thecse.com/en/listings/diversified-industries/trenchant-capital-corp>.

OVERALL PERFORMANCE

Nature of Business and Overall Performance

The Company was incorporated under the *Business Corporations Act* (British Columbia) on December 17, 2009. The Company's common shares are listed on the CSE under the trading symbol "TCC" and its debentures are listed on the CSE under the trading symbols "TCC.DB" and "TCC.DB.A".

The Company's head office is located at Suite 2380, 1055 West Hastings Street, Vancouver, BC, V6E 2E9. The Company has two wholly owned subsidiaries being 0960128 B.C. Ltd. ("0960128") and 1141864 B.C. Ltd. ("1141864").

Wholly-owned subsidiaries 0960128 and 1141864 are the investment vehicles for the Waiward Investment and Omni Investment respectively, which are discussed below. Additionally, Trenchant Life Sciences Investment Corp. (now ASEP Medical Holdings Inc.) and 1295277 B.C. Ltd. (now ASEP Medical Inc.) were incorporated to facilitate the completion of the acquisition (through an amalgamation) of a controlling equity interest in ABT Innovations Inc. and Sepset Biosciences Inc. (see "The Trenchant Life Sciences Investment." below).

The Company was initially listed on the TSX Venture Exchange (the "TSXV") as a Capital Pool Company (as defined in the policies of the TSXV). In May 2011, the Company completed its Qualifying Transaction (as defined in the policies of the TSXV), pursuant to which it became designated as a Resource Issuer, engaged in the exploration and development of natural resource properties. The Company subsequently became inactive, with the listing of its common shares moved to the NEX board of the TSXV.

In May 2016, the Company pursued a change of business to become an Investment Issuer on the TSXV. In connection with this change of business, the Company changed its name to Trenchant Capital Corp., and on May 16, 2017, the Company commenced trading under the symbol "TCC".

On April 25, 2016, the Company entered into a strategic alliance agreement with the Hillcore Group ("Hillcore"). This agreement renews automatically on an annual basis unless terminated by either party in writing. Hillcore is a leading independent Canadian investment and advisory firm that invests predominantly in the life sciences, real estate, seniors living, financial, industrial and energy sectors. Pursuant to the terms of the strategic alliance agreement, Hillcore agreed to grant the Company an exclusive first right to: (i) review Hillcore's initial due diligence on potential business targets, and (ii) negotiate with Hillcore the participation by the Company in Hillcore's acquisition of business targets, primarily by way

of special situation debt, which may include secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-leveraged/holdco debt. The Company has also been granted certain back-in and tag along negotiation rights, as well as negotiation rights for capital market transactions with respect to projects for which the Company has provided financing. Hillcore does not own any shares in the Company.

On August 26, 2020, the CSE approved the listing of the Company's common shares, 9% Series A convertible debentures and 8% Series B convertible debentures (collectively, the "Securities") on the CSE. The Securities commenced trading on the CSE at market open on August 28, 2020 under the symbols "TCC", "TCC.DB" and "TCC.DB.A" respectively. In connection with the listing of the Securities on the CSE, the Company delisted the Securities from the TSX Venture Exchange (the "TSXV") at the close of market on August 27, 2020.

The Waiward Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus from the security regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario for a proposed public offering of a minimum of 5,000 and a maximum of 20,000 9% secured convertible debentures (the "Waiward Debentures") priced at \$1,000.00 per Debenture, for gross proceeds of a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Waiward Debenture Offering").

The net proceeds of the Waiward Debenture Offering were used to fund the Waiward Investment, as described below.

The Waiward Debenture Offering was made on a best-efforts basis through a syndicate of agents led by Industrial Alliance Securities Inc. (collectively, the "Agents") pursuant to the terms of an agency agreement dated May 18, 2017. The Waiward Debenture Offering closed in three tranches for aggregate gross proceeds of \$7,744,000. The first tranche, pursuant to which gross proceeds of \$5,522,000 were raised through the issuance of 5,522 Waiward Debentures, closed on May 18, 2017. The second tranche, pursuant to which gross proceeds of \$1,488,000 were raised through the issuance of 1,488 Waiward Debentures, closed on June 26, 2017. The third tranche, pursuant to which gross proceeds of \$730,000 were raised through the issuance of 730 Waiward Debentures, closed on July 19, 2017. In connection with the Waiward Debenture Offering, the Company paid the Agents aggregate cash commissions equal to 6.5% of the gross proceeds raised under the Waiward Debenture Offering and reimbursed for their reasonable expenses.

The Waiward Debentures mature on March 31, 2022 and bear interest at the rate of 9.0% per annum, payable quarterly in cash. The terms of the Waiward Debentures are set out in a debenture indenture dated May 18, 2017, a copy of which is available on SEDAR, between the Company and Computershare Trust Company of Canada ("Computershare"). Commencing on May 18, 2018, the outstanding principal amount of the Waiward Debentures may be converted, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the common shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.00 per common share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Waiward Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Waiward Debentures and accrued but unpaid interest thereon in cash at any time after May 18, 2019, being two years after the closing of the first tranche of the Waiward Debenture Offering, by paying the Waiward Debenture holders 105% of the outstanding principal amount of the Waiward Debentures in year three, 103% of the outstanding principal amount of

the Waiward Debentures in year four, and 101% of the outstanding principal amount of the Waiward Debentures in year five, plus any accrued but unpaid interest thereon.

The Company pledged all of the outstanding shares of 0960128 to Computershare, on behalf of the holders of the Waiward Debentures, as security for the Company's outstanding obligations under the Waiward Debentures. 0960128 in turn owns the rights to the security for the Waiward Investment (see "The Waiward Investment" below). The holders of Waiward Debentures have no recourse to the Company other than with respect to such shares.

Effective on August 28, 2020, the Debentures commenced trading on the CSE under the symbol "TCC.DB". See listing information in Nature of Business and Overall Performance.

The Waiward Investment

On March 2, 2017, 0960128 entered into a loan agreement dated March 2, 2017, as amended (the "Loan Agreement"), with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to Hillcore, pursuant to which 0960128 agreed to loan a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Waiward Investment") to the Borrower. The Waiward Investment is secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("Waiward Steel"), one of Canada's largest steel fabricators and erectors.

The net proceeds of the Waiward Debenture Offering were used to fund the Waiward Investment, which was completed on May 18, 2017.

The outstanding principal of the Waiward Investment bears interest at the rate of 12.5% per annum with a maturity date of March 31, 2022. Additionally, the outstanding principal of the Waiward Investment includes a Payment in Kind ("PIK") of 2.5% per annum of the outstanding loan amount accruing and payable on maturity.

Pursuant to the terms of the Waiward Loan Agreement, the Borrower granted the Company a five-year unit purchase option entitling it to purchase up to 10% of the Borrower for an exercise price of up to \$9,367,000. The actual percentage interest that the Company may acquire pursuant to the purchase option will be adjusted on a pro rata basis in accordance with the amount of funds advanced under the Waiward Loan Agreement.

Waiward may prepay the outstanding principal of the Waiward Investment by paying 0960128 the outstanding principal amount of the Waiward Investment, plus any accrued and unpaid interest thereon, as well as an amount equal to the break fee incurred in connection with the prepayment of the Convertible Debentures.

The Waiward Loan Agreement also provides that 0960128 will provide management services to the Borrower, have observer rights at board meetings of Borrower, and have the right to appoint a nominee to the Board of Directors of the Borrower.

The Convertible Preferred Share Offering

On May 18, 2017, the Company also closed a private placement of non-voting convertible preferred shares, pursuant to which it raised gross proceeds of \$2,700,000 through the issuance of 6,750,000 preferred shares at a price of \$0.40 per share (the "Preferred Share Offering", and together with the Debenture Offering, the "Offerings"). The proceeds of the Preferred Share Offering were used for payment of the fees and expenses

for the Offerings, the Initial Investment and the Change of Business, and for general working capital purposes. No commissions or finder's fees were paid in connection with the Preferred Share Offering.

The preferred shares were entitled to receive annual non-cumulative dividends at a fixed rate of 8% per annum. Holders of preferred shares may, commencing on May 18, 2018, convert their preferred shares into common shares on a one-for-one basis, subject to a semi-annual maximum conversion limit of such number of common shares as is equal to 25% of a particular holder's preferred shares. The preferred shares will automatically convert into common shares on a one-for-one basis on May 18, 2020.

Holders of Preferred Shares were not entitled to receive notice of, attend, or vote at any general meeting of the shareholders of the Company. The preferred shares were not listed for trading on the TSXV or on any other stock exchange or quotation system.

On June 19, 2020, the outstanding balance of 3,281,250 preferred shares were converted to 3,281,250 common shares of the Company. See Financial Condition, Liquidity and Capital Resources below.

The Omni Debenture Offering

In December 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 10,000 and a maximum of 20,000 8% secured convertible debentures (the "Omni Debentures") priced at \$1,000 per Omni Debenture, for gross proceeds of a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Debenture Offering").

The net proceeds of Omni Debenture Offering were used to fund the Omni Investment, as described below.

The Omni Debenture Offering was made on a best-efforts basis, through a syndicate of agents led by Canaccord Capital Corp. and Industrial Alliance Securities Inc. (collectively, the "Agents").

The Omni Debenture Offering closed in two tranches for aggregate gross proceeds of \$7,994,000. The first tranche, pursuant to which gross proceeds of \$5,659,000 were raised through the issuance of 5,659 Omni Debentures, closed on March 23, 2018. The second tranche, pursuant to which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Omni Debentures, closed on May 17, 2018. On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures. On June 28, 2019 the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures.

The Omni Debentures issued in the Omni Debenture Offering have a maturity date of January 27, 2023 and bear interest at the rate of 8.0% per annum, payable quarterly in cash. Commencing two years from closing, the outstanding principal amount of the Omni Debentures may be converted, at the option of the holder, into common shares of the Company at a conversion price equal to the greater of: (i) 95% of the volume weighted average trading price of the common shares for the 30 trading day period ending three business days before the conversion date, and (ii) \$1.25 per common share, provided that, unless the conversion is being effected in connection with a redemption by the Company, no more than 25% of the aggregate principal amount of Omni Debentures held by a holder may be converted in any 180-day period.

The Company may prepay the outstanding principal of the Omni Debentures, and accrued but unpaid interest thereon, in cash, at any time after two years from the closing of the first tranche of the Omni Debenture Offering, by paying the Debenture holders 105% of the outstanding principal amount of the Omni Debentures in year three, 103% of the outstanding principal amount of the Omni Debentures in year

four, and 101% of the outstanding principal amount of the Omni Debentures in year five, plus any accrued but unpaid interest thereon.

The Company pledged all of the outstanding shares of 1141864 to Computershare, on behalf of the holders of the Omni Debentures, as security for the Company's outstanding obligations under the Omni Debentures. 1141864 in turn owns the rights to the security for the Omni Investment (see "The Omni Investment" below). The holders of Omni Debentures have no recourse to the Company other than with respect to such shares.

Effective August 28, 2020, the Debentures commenced trading on the CSE under the symbol TCC.DB.A. See listing information in Nature of Business and Overall Performance

The Omni Investment

In December 2017, 1141864 entered into a loan agreement (the "Omni Loan Agreement"), with ABO Investments Limited Partnership ("ABO"), a limited partnership related to Hillcore, pursuant to which 1141864 agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Investment") to ABO. This minimum loan amount was subsequently lowered to a minimum of \$5,000,000 and a maximum of \$10,000,000. The Omni Investment is secured by a pledge of ABO's indirect 88.73% equity interest in Omni Health Investments Inc. ("Omni"), one of Canada's largest long-term care operators, to 1141864.

The net proceeds of the Omni Debenture Offering were used to fund the Omni Investment, which was completed on June 28, 2019.

The outstanding principal of the Omni Investment bears interest at the rate of 10% per annum with a maturity date of January 27, 2023.

Pursuant to the terms of the Omni Loan Agreement, ABO granted the Company a five-year unit purchase option entitling it to purchase up to 15% of ABO's indirect holdings in Omni for an exercise price of up to \$7,725,000 with ABO being able to repurchase the outstanding unit purchase option from the Company on maturity for consideration of the payment of up to \$6,000,000. The actual percentage interest that the Company may acquire pursuant to the purchase option will be adjusted on a pro rata basis in accordance with the amount of funds advanced under the Omni Loan Agreement.

ABO may prepay the outstanding principal of the Omni Investment by paying 1141864 the outstanding principal amount of the Omni Investment, plus any accrued and unpaid interest thereon, as well as an amount equal to the break fee payable by the Company on the redemption or repurchase of Omni Debentures with a principal amount of not more than the principal amount being prepaid by ABO.

The Omni Loan Agreement also provides that 1141864 will provide management services to ABO, have observer rights at board meetings of ABO, and have the right to appoint a nominee to the Board of Directors of ABO.

In addition to the Omni Investment, on June 29, 2017, the Company advanced a refundable deposit of \$1,500,000 to 10164950 Canada Ltd., a company controlled by Hillcore, as an advance on a second investment transaction with Hillcore. In December 2017 the Company agreed to loan the advance to ABO in a sidecar loan on the same terms as, and be subordinated to, the ABO Loan. The loan bears interest at the rate of 8.0% per annum, payable annually in cash until maturity on January 27, 2023. In June 2019, \$200,000 of the loan was repaid. In June 2020, the remainder of the loan was repaid through Hillcore

returning to treasury 100% of its preferred shares in the Company previously issued to Hillcore under the May 2017 Convertible Preferred Share Offering (see above). See Financial Condition, Liquidity and Capital Resources below for settlement of the loan.

The Trenchant Life Sciences Investment

Trenchant Life Sciences Investment Corp. ("TLSIC") was incorporated by the Company on January 20, 2021 under the name 1261038 B.C. Ltd. TLSIC has no active business and was formed to facilitate the completion of an amalgamation of 1295277 B.C. Ltd. (a newly formed wholly-owned subsidiary of TLSIC) ("NewCo") with ASEP Medical Inc., a B.C. corporation that holds the option to acquire a fully-diluted 50.1% equity interest in each of ABT Innovations Inc. ("ABT") and Sepset Biosciences Inc. ("Sepset") with the intention of creating, financing and listing the common shares of a life sciences development company.

On January 20, 2021, the Company made an investment into TLSC by acquiring 2,500,000 common shares at a price of \$0.001 for a payment of \$2,500.

On April 14, 2021, TLSIC closed a private placement to issue an aggregate of 8,000,000 common shares at a price of \$0.001 per share for gross proceeds of \$8,000.

On April 16, 2021, TLSIC closed a private placement to issue an aggregate of 6,500,000 common shares at a price of \$0.02 per share for gross proceeds of \$130,000.

On May 25, 2021, TLSIC closed a private placement of unsecured convertible debentures in the aggregate amount of \$500,000. The convertible debenture matures twelve months from issuance and carries an interest rate of 8% per annum. Pursuant to the Amalgamation Agreement, the debentures are convertible into common shares prior to the amalgamation effective date at a conversion price calculated by dividing (A) by (B), where (A) is \$8,000,000, and where (B) is the product obtained by adding (x) the number of all of the issued and outstanding common shares of ASEP as of the date of the ASEP conversion, which is the conversion of all of the principal outstanding under the ASEP debentures into ASEP shares on a fully diluted basis assuming conversion of all outstanding convertible securities of ASEP other than the ASEP debentures, with (y) the number of shares issuable by TLSIC in connection with TLSIC's financing to complete a private placement of up to 10,000,000 special warrants at a price of \$0.50 per warrant for aggregate gross of up to \$5,000,000.

On June 3, 2021, TLSIC entered into the Amalgamation Agreement with ASEP and NewCo, pursuant to which TLSIC, ASEP and NewCo agreed to combine their respective businesses by way of a three-concerned amalgamation under the provisions of the BCBCA. Upon completion of the Transaction (being the completion of the amalgamation, the exercise of both of the ABT and Sepset options and conditional approval to the list the common shares of TLSIC on the CSE) the resulting entity of the Amalgamation, will be a wholly-owned subsidiary of the TLSIC, will carry on the business of ASEP, with the common shares of TLSIC trading on the CSE.

As noted above on completion of the Transaction, TLSIC would hold, through its wholly-owned subsidiary, 50.1% of the fully diluted share capital of ABT and Sepset.

ABT was incorporated on July 3, 2015 pursuant to the provisions of the BCBCA under the name "ABT Innovations Inc." for the purpose of ensuring the commercialization of the broad peptide technology developed by its founder, Dr. Robert Hancock. This peptide technology covers a broad range of therapeutic applications including bacterial biofilm infections (medical device infections, chronic infections, lung,

bladder, wound, dental, skin, ear-nose and throat, sinusitis, orthopedic, etc.), representing two thirds of all infections, anti-inflammatories, anti-infective immune-modulators and vaccine adjuvants.

Sepset was incorporated on April 23, 2015 pursuant to the provisions of the BCBCA under the name "Sepset Biosciences Inc." for the purpose of ensuring the commercialization of a diagnostic kit for predicting the onset of severe sepsis and organ failure that was developed by its founder Dr. Robert Hancock. Its diagnostic technology involves a patient gene expression signature that is identified in the blood and assessable by nucleic acid amplification technologies. Sepset's diagnostic technology differs from current diagnostic tests in enabling diagnosis of severe sepsis within 1-2 hours of first clinical presentation (i.e., in the emergency room), while other diagnostics only provide diagnosis after 24-48 hours. Sepset believes this will enable critical early decisions to be made by physicians regarding appropriate therapies and reduce mortality and morbidity.

On November 10, 2021, ASEP Holdings obtained a receipt for its long-form prospectus dated November 9, 2021. A copy of this prospectus can be reviewed under the ASEP Holdings profile at www.sedar.com.

On November 18, 2021, ASEP Holdings received final approval to list its common shares on the CSE and the common shares were listed for trading on the CSE on November 22, 2021 under the symbol "ASEP".

On November 19, 2021, the amalgamation of TLSIC, ASEP and NewCo was completed and TLSIC changed its name to ASEP Medical Holdings Inc. ("**ASEP Holdings**")

The Company owns 2,500,000 common shares in ASEP Holdings.

Investment Policy Disclosures

The Company has adopted an Investment Policy to govern its investment activities. The Investment Policy sets out, among other things, the Company's investment objectives and strategy, which is to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth, the ability to generate shareholder equity by taking and, where prudent, exercising equity purchase rights in portfolio companies, participating in potential going-public transactions or other liquidity events in portfolio companies, and seeking to preserve capital and limit downside risk through securely structuring its investments. A copy of the Investment Policy is attached as Schedule "C" to the Filing Statement.

Waiward Disclosure:

The following key ratios and other summary disclosures with respect to the Waiward Investment are made in accordance with the Company's Investment Policy.

	12 months ended 12/31/2021	12 months ended 3/31/2021 (Pro Forma) ⁽¹⁾	12 months ended 3/31/2021	12 months ended 12/31/2020
Debt Service Ratio	0.18	0.36	0.67	0.99
Fixed Charge Coverage Ratio	0.29	0.69	0.83	1.07
Net Debt to EBITDA Ratio	11.75	4.98	2.30	3.99

- (1) Assumes the Maximum Investment in the amount of \$7,740,000.
- (2) Earnings before interest, taxes, depreciation and amortization (“EBITDA”). These non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. These non-IFRS financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow from operating activities, and other measures of financial performance as determined in accordance with IFRS, but the Company believes these non-IFRS financial measures are useful in providing relative performance and measuring change.

2021 represented another challenging year in the Alberta Industrial market. Waiward was particularly impacted by the 4th wave of the pandemic as a number of previously deferred construction projects were again deferred in 2021 as core energy customers focused on critical path operational initiatives and delayed new investments. Global supply chain disruption has also played a role in certain project delays and some of the market uncertainty.

Waiward will enter 2022 with \$63 million of “hard” contract backlog & \$118 million of “soft” backlog which includes planned incremental work under our long-term customer services agreements. Historical data indicated that backlog at any given time would represent 30-55% of the next 12 months of revenue. The near-term outlook is also improving with additional capital and operational spend starting to improve. Our preliminary budgeting indicates increased revenue as the sector recovers.

Trailing 12 month increase (decrease) in	12 months ended 12/31/2021	12 months ended 3/31/2021 (Proforma)
Revenue	20%	(0.39)%
Net Income	(1.43)%	2%

Omni Disclosure:

The following key ratios and other summary disclosures with respect to the OMNI Investment are made in accordance with the Company’s Investment Policy.

	12 months ended 12/31/2021 (Pro Forma) ⁽¹⁾	12 months ended 12/31/2021	12 months ended 12/31/2021 (Pro Forma) ⁽¹⁾	12 months ended 12/31/2020
Debt Service Ratio	1.07	1.09	1.07	1.34
Fixed Charge Coverage Ratio	1.01	1.01	1.01	1.22
Net Debt to EBITDA Ratio	8.11	7.27	8.69	6.01

- (1) Assumes Loan in the maximum of \$13,483,000
- (2) Earnings before interest, taxes, depreciation, amortization and management fees (“EBITDAM”). These non-IFRS financial measures do not have standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. These non-IFRS financial measures should not be considered as an alternative to, or more meaningful than, net income (loss), cash flow from operating activities, and other measures of financial performance as

determined in accordance with IFRS, but the Company believes these non-IFRS financial measures are useful in providing relative performance and measuring change.

Trailing 12 month increase (decrease) in	12 months ended 12/31/2021	12 months ended 12/31/2020
Revenue	5.48%	12.32%
Net Income	(17.36%)	(2.02%)

Net operating income before management fees (EBITDAM) for the three months ended December 31, 2021 ("Q4 2021") amounted to \$2,988,200 which is \$28k greater than budget but \$820k less than the three months ended December 31, 2020 ("Q4 2020"). Year to date EBITDAM is \$11,786,900 which is \$402k greater than budget.

Revenue for both the quarter and year to date ended December 31, 2021 were \$43K and \$192K favorable to budget respectively. This was primarily due to base revenue improvements, supplier rebates and training recoveries off-setting unfavorable results in property tax recovery and ancillary revenue streams.

Accommodation expenses in Q4 2021 were \$15K unfavorable to budget but \$210K favorable to budget for the year to date results. This is primarily due to confirmation from the Ministry of Health and Long-Term care to refund \$670K in overages incurred as a result of a serious outbreak in early 2021 in our Willows Nursing care facility. We've taken an accounting provision with the expectation of funds to actualize in early 2022.

Results of Operations

These results of operations should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended December 31, 2021, which are being filed concurrently with this MD&A. The financial data for the nine months ended December 31, 2021 and December 31, 2020 have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Nine months ended December 31, 2021 and 2020

	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020
Revenues		
Interest income	\$ 1,727,528	\$ 1,700,531
Accretion	186,917	163,218
Bad debt	-	14,100
Business development	51,260	10,511
Consulting	572,810	-
Depreciation	42,211	47,377
General and administrative	61,195	32,077
Interest	1,255,703	1,243,370

Professional fees	92,217	96,020
Share-based payment	-	24,631
Transfer agent and filing fees	30,771	44,771
	<hr/>	
	2,293,094	1,676,075
Gain on debt settlement	-	141,563
Gain on loss of control	206,626	-
Loss on equity investment	(50,000)	-
Unrealized gain on investment	1,250,000	-
Net and comprehensive income (loss)	<hr/>	
	\$ 841,070	\$ 166,019

The Company has generated limited revenue since inception and has accumulated a deficit of \$4,376,499 at December 31, 2021. The net income was \$841,070 for the nine months ended December 31, 2021 (December 31, 2020 – \$166,019). Total expenses before other items of \$2,293,094 were offset by interest income of \$1,727,528.

Revenues of \$1,727,528 were derived from interest earned on the loans during the nine months ended December 31, 2021 (December 31, 2020 - \$1,700,531). Revenues will be lower in the next year as the Waiward loan will be repaid but will be offset with an associated reduction in interest expenses.

Accretion expense was \$186,917 relating to the financing costs of the debentures for the nine months ended December 31, 2021 (December 31, 2020 - \$163,218)

Business development expenses were \$51,260 for the nine months ended December 31, 2021 (December 31, 2020 - \$10,511) Management expects to continue to expend considerable time negotiating additional investments and securing financing.

General and administrative expenses were \$61,195 for the nine months ended December 31, 2021 (December 31, 2020 - \$32,077). Expenses are lower than in the prior year as activities did not increase in the current period.

Interest expense was \$1,255,703 for the nine months ended December 31, 2021 (December 31, 2020 - \$1,243,370). The increase in interest expense was related to interest payable on the Debentures.

Professional fees of \$92,217 were incurred in the nine months ended December 31, 2021 (December 31, 2020 - \$96,020). These professional fees related to audit and legal expenses were similar to prior year.

Share-based payments were \$Nil (December 31, 2020 - \$24,631). Share-based payments were fully vested in current year.

Transfer agent and filing fees were \$30,771 for the nine months ended December 31, 2021 (December 31, 2020 - \$44,771). These fees were lower due to fewer filings.

Gain on debt settlements were due to the cancellation of preferred shares and dividends payable in exchange for the settlement of the loan receivable and interest receivable thereon in the prior year.

Gain on the loss of control was \$206,626 in the current period due to the deconsolidation of its subsidiary.

Loss on equity investment was \$50,000 in the current period which represents the equity losses of its subsidiary since deconsolidation.

Unrealized gain on investment was \$1,250,000 represented at Fair Value through Profit or Loss (FVTPL)

Three months ended December 31, 2021 and 2020

	For the three months ended December 31, 2021	For the three months ended December 31, 2020
Revenues		
Interest income	\$ 578,786	\$ 570,540
Expenses		
Accretion	62,504	56,036
Business development	20,898	-
Consulting	145,350	-
Depreciation	15,260	15,792
General and administrative	40,135	12,528
Interest	419,777	418,710
Professional fees	12,563	11,893
Share-based payment	-	7,998
Transfer agent and filing fees	5,865	7,099
	<u>724,025</u>	<u>530,056</u>
Other items		
Loss on equity investment	(5,865)	-
Unrealized gain on investment	1,250,00	-
	<u>1,244,135</u>	<u>-</u>
Net and comprehensive income	\$ 1,098,896	\$ 40,484

The Company had net income of \$1,098,896 for the three months ended December 31, 2021 (December 31, 2020 – \$40,484). The Company's income decreased due to increased consulting fees to directors, management and advisors.

Revenues were \$578,786 for the three months ended December 31, 2021 (December 31, 2020 - \$570,540). Revenues were derived from interest earned on the loans during the three months ended December 31, 2020.

Accretion expense was \$62,504 relating to the financing costs of the debentures for the three months ended December 31, 2021 (December 31, 2020 - \$56,036)

General and administrative expenses were \$40,135 compared to \$12,528 for the three months ended December 31, 2020. Management expects to continue to expend time negotiating additional investments and securing financing.

Interest expense was \$419,777 for the three months ended December 31, 2021 (December 31, 2020 - \$418,710). The interest was related to interest payable on the Debentures.

Professional fees were \$12,563 (December 31, 2020 - \$11,893). The professional fees related to audit and legal.

Share-based payments were \$Nil (December 31, 2020 - \$7,998). Share-based payments were lower due to fewer stock options being vested.

Transfer agent and filing fees were \$5,865 (December 31, 2020 - \$7,099). Fees were lower due to fewer filings in the current period.

Dividend Report & Policy

Dividends payable on the preferred shares were settled in part in June 2020. (See Financial Condition, Liquidity and Capital Resources below.)

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters. The financial data has, except as referred to in the footnotes to this summary, been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

For the quarter ended:	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Total Revenues	578,786	577,086	571,656	567,131
Net and comprehensive income (loss) for the period	1,098,896 ⁽¹⁾	(172,015) ⁽²⁾	(85,811) ⁽³⁾	(729,468) ⁽⁴⁾
Income (loss) per share, basic and diluted	0.03	(0.01)	0.00	(0.04)

For the quarter ended:	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total Revenues	570,540	561,102	561,102	588,864
Net and comprehensive income (loss) for the period	40,484 ⁽⁵⁾	(33,645) ⁽⁶⁾	159,180 ⁽⁷⁾	(45,242) ⁽⁸⁾
Income (loss) per share, basic and diluted	0.00	(0.00)	0.01	(0.01)

- (1) The Company's loss for the period includes non-cash items of accretion of financing costs of \$62,504
- (2) The Company's loss for the period includes non-cash items of accretion of financing costs of \$62,504
- (3) The Company's loss for the period includes non-cash items of accretion of financing costs of \$60,236
- (4) The Company's loss for the period includes non-cash items of accretion of financing costs of \$63,171

- (5) The Company's loss for the period includes non-cash items of accretion of financing costs of \$56,036
- (6) The Company's loss for the period includes non-cash items of accretion of financing costs of \$54,578
- (7) The Company's loss for the period includes non-cash items of accretion of financing costs of \$52,604
- (8) The Company's loss for the period includes non-cash items of accretion of financing costs of \$57,350

Financial Condition, Liquidity and Capital Resources

The Company had total assets of \$24,142,453 as at December 31, 2021 (March 31, 2021 – \$23,081,476). The primary assets of the Company as of such date consisted cash of \$1,074,622 (March 31, 2021 – \$1,799,511), interest receivable of \$532,810 (March 31, 2021 - \$938,115), PIK interest receivable of \$938,115 (March 31, 2021 - \$776,689) and loan receivables of \$19,923,000 (March 31, 2021 - \$19,923,000). Accounts payable and accrued liabilities as at December 31, 2021 were \$876,678 (March 31, 2021 - \$1,011,901). The Company had working capital of \$1,637,017 as at December 31, 2021 (March 31, 2021 –\$2,033,789).

At December 31, 2021, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$4,376,499 (March 31, 2021 – \$5,217,569).

On May 11, 2020, the Company extended the conversion date of the preferred shares. On June 19, 2020, the Company converted 3,281,250 preferred shares to 3,281,250 common shares in accordance with the special rights and restrictions attached to the Series A Shares.

In June 2020, the Company entered into agreements with the holders of preferred shares to settle dividends owing in the aggregated amount of \$190,567 by issuing 3,811,344 common shares at \$0.05 per common share of the Company, which was approved by the TSXV.

The Company paid \$3,443 to a holder of preferred shares to settle the remaining outstanding dividends.

On June 11, 2020, the Company entered into a debt settlement and share transfer agreement with Hillcore Diversified Industries Ltd. Hillcore was indebted to the Company pursuant to a loan that Hillcore was assigned by ABO in the principal amount of \$1,300,000 and \$270,649 on account of interest. Hillcore also owned 3,437,500 Series A Shares and was owed \$337,213 in dividends on such Series A Shares by the Company. Pursuant to the settlement agreement, Hillcore and the Company agreed to fully and finally settle the principal of the loan against the transfer of Hillcore's Series A Shares to the Company and to fully and finally settle the interest on the loan payable by Hillcore to the Company by setting this amount off against the dividends payable by the Company to Hillcore on the Series A Shares.

The Company's condensed consolidated interim financial statements for the three months ended December 31, 2021 were prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months from loans from related parties and or the private placement of common shares.

As at December 31, 2021, the Company did not have any contractual obligations.

Classification of financial instruments

Financial assets included in the Company's statement of financial position are as follows:

	December 31, 2021	March 31, 2021
FVTPL:		
Cash	\$ 1,074,622	\$ 1,799,511
Amortized costs:		
Interest receivable	532,810	514,983
PIK interest receivable	938,115	776,689
Investment in ASEP	1,250,000	-
Loans receivable	19,923,000	19,923,000
	<u>\$ 23,718,547</u>	<u>\$ 23,014,183</u>

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2021	March 31, 2021
Amortized costs:		
Accounts payable	\$ 876,682	\$ 650,751
Debentures	19,767,351	19,580,434
Convertible debentures subscription received in advance	-	198,647
	<u>\$ 20,644,033</u>	<u>\$ 20,429,832</u>

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

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 – 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.

Financial instruments classified as Level 1 – quoted prices in active markets - include cash.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

TRANSACTIONS WITH RELATED PARTIES

The following amounts were due to related parties as at the dates indicated, and were included in accounts payable and accrued liabilities as at such dates:

	December 31, 2021	March 31, 2021
CFO	\$ (2,625)	\$ (7,875)
CEO	(141,750)	(108,025)
Directors	(294,300)	(228,900)
	<u>\$ (438,675)</u>	<u>\$ (344,800)</u>

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

Key management personnel compensation

	December 31, 2021	December 31, 2020
CFO – Professional fees	\$ 23,625	\$ 23,625
CEO – Consulting fees	162,750	-
Directors – Consulting fees	337,900	-

CRITICAL ACCOUNTING ESTIMATES

As disclosed in the Company's annual audited financial statements for the years ended March 31, 2021 and 2020 (as are available on the Company's profile on SEDAR (www.sedar.com)), the Company has no critical accounting estimates.

CRITICAL ACCOUNTING POLICIES

There are no accounting policies that the Company has adopted, other than what was disclosed in the Company's annual audited financial statements for the year ended March 31, 2021.

RISK FACTORS

The business of the Company is subject to risks and hazards, some of which are beyond the Company's control. Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. The following is a summary of some risks and uncertainties that management believes to be material to the Company's business. Additional risk factors are included in the Filing Statement, which is available under the Company's SEDAR profile at www.sedar.com.

Global Financial Conditions

The COVID-19 Pandemic has been responsible for a substantial negative impact on the world economy. Many industries are impacted by global market conditions. Some of the key impacts of financial market turmoil can include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity markets, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, reduced consumer spending, increased unemployment rates, deteriorating business conditions, inflation, deflation, volatile fuel and energy costs, increased consumer debt levels, lack of available credit, lack of future financing, and changes in interest rates and tax rates that may adversely

affect the Company's operations and business plans. Any of these factors may impact the ability of the Company and its potential partners to obtain equity or debt financing in the future and, if obtained, on favourable terms. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses.

Risk of Payment Defaults Under Investment Agreements

While the Company intends to structure its investments, including the Initial Investment, in such a way as to minimize the risk of default, there is no guarantee that investee companies will not default on their payment obligations because of business failure or obligations to other lenders, investors or stakeholders. Further, there is no assurance that, in the event of a default by an investee company, the Company will be able to recover all or any of its investment. Such failure could have an adverse impact on the Company's financial condition and results of operations, including impairing the Company's ability to pay amounts owing under the Debentures or to pay dividends on the preferred shares. In addition, in the event investments in investee companies are structured on a subordinated or unsecured basis, the Company's rights, including payment rights, will be subordinate to the rights of secured lenders of investee companies and other parties holding security interests against investee companies. As such, upon a default by an investee company, there may be no funds left to permit the Company to recover its investment.

Dependence on the Performance of Investee Companies

The Company is, and will be, dependent on the operations, assets and financial health of the investee companies in which it makes investments. The Company's ability to meet its operating expenses in the long term will be largely dependent on the interest and other payments received from investee companies, which are expected to be the sole source of cash flow for the Company. While the Company intends to focus on special situation debt financing to Hillcore's pipeline of current and future private equity investments, payments to the Company from investee companies may be based on a percentage of such companies' top line revenues, in which case negative financial performance of an investee company will likely have a negative impact on the Company's cash flow. In addition, if the financing position of an investee company declines such that it is unable to make interest payments to the Company, the Company's financial condition and cash flow will be adversely affected.

The Company has conducted, and will conduct, due diligence on each of its investee companies prior to entering into agreements with them. In addition, the Company plans to monitor investee company performance through observer rights at board meetings of investee companies, negotiating rights to appoint one or more directors to the boards of investee companies, and receiving and reviewing regular financial reports from the investee companies. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the Company's due diligence or ongoing monitoring that may have an adverse effect on an investee company's business and, as a result, on the Company.

Lack of Control Over Investee Company Management

The Company does not expect to have a high degree of influence over any of its investee companies or their operations, including the Borrower. Payments received by the Company from investee companies may therefore depend upon several factors that may be outside of the Company's control.

Volatility of Share Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by

reference to the underlying value of its business. The prices at which the Company's common shares will trade from time to time cannot be predicted. The market price of the common shares is subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the common shares. If the Company is (as it is expected to be) required to access capital markets to carry out its business objectives, the state of domestic and international capital markets and other financial systems could affect its access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

Financing Risks

The Company has no history of earnings or material revenue. In addition, the Company's business model is dependent on making investments in additional investee companies, and the Company anticipates having to raise additional capital to fund these investments. While the Company may generate additional working capital through equity or debt offerings, or through the receipt of interest or other payments from investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Company or at all. If available, future equity financing may result in substantial dilution to the Company's shareholders.

Limited Number of Investments

While the Company's intention is to negotiate and fund additional investments in companies in different industry sectors, it could take many years to create a diversified portfolio of investee companies and there is no guarantee the Company will ever achieve sufficient diversification. The Company may have a significant portion of its assets dedicated to a single business sector or industry for an extended period of time. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Ability to Negotiate Additional Investments

A key element of the Company's growth strategy is expected to involve negotiating and finding investments in other operating companies. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues. The Company's ability to identify investee companies and negotiate and fund additional investments in such a manner is not guaranteed.

Risks Facing Investee Companies

As previously noted, the Company's financial condition and results of operations will be affected by the performance of the companies in which it invests. Each investee company will also be subject to risks which will affect their respective financial condition. Given that, other than with respect to the Initial Investment, the Company does not currently know the exact nature of the businesses in which it may make investments, it is impossible to predict exactly what risks investee companies will face. Nonetheless, typical risks which investee companies might be expected to face include the following:

- Investee companies may need to raise capital through equity or debt financing. Failure to obtain such equity or debt, or the terms of such equity or debt that may be available, may impair the ability

of investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions may therefore be limited.

- The success of investee companies may depend on the talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on an investee company.
- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.
- Damage to the reputation of investee companies' brands could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.
- Investee companies may face intense competition, including competition from companies with greater financial and other resources, and more extensive development, manufacturing, marketing and other capabilities. There can be no assurance that investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.
- Investee companies may experience reduced revenues through the loss of a customer representing a high percentage of their revenues.
- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.
- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes to, or elimination of, such programs may have an adverse effect on such companies.
- Investee companies may experience negative financial results based on foreign exchange losses.

Reliance on Key Personnel

The success of the Company is dependent on the abilities, experience, efforts and industry knowledge of its senior management and other key personnel. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Company. In addition, the growth plans of the Company may require additional personnel, increase demands on management, and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and personnel as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

At December 31, 2021 there were 34,211,286 (2020 – 18,761,951) issued and fully paid common shares.

During the nine months ended December 31, 2020, the Company issued 3,281,250 Common shares at \$0.40 on conversion of 3,281,250 preferred shares.

During the nine months ended December 31, 2020, the Company issued 3,811,344 Common shares at \$0.05 as settlement of \$190,567 of the dividend payable.

During the nine months ended December 31, 2020, the Company issued 499,335 Common shares at \$0.05 as settlement of \$24,967 of a payable.

As of the date of this MD&A, the following securities of the Company were outstanding:

Common Shares – 34,211,286;

Stock options – The Company has 1,160,000 options outstanding, exercisable \$0.25, expiring March 29, 2022;

Warrants - The Company has 14,950,000 warrants outstanding, exercisable \$0.115, expiring March 24, 2023;

Debentures – The Company has 7,740 debentures (9% coupon) maturing on March 31, 2022 and 12,183,000 (8% coupon) maturing January 27, 2023, having an aggregate principal amount of \$19,923,000.

OTHER INFORMATION AND BOARD APPROVAL

Additional information about the Company is available on SEDAR at www.sedar.com. This MD&A has been reviewed and approved by the Board of Directors of the Company.