

LANEBURY GROWTH CAPITAL LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED
DECEMBER 31, 2018

INTRODUCTION

Lanebury Growth Capital Ltd. (“Lanebury” or the “Company”) was incorporated under the Business Corporations Act (British Columbia) on August 19, 2011, as a wholly-owned subsidiary of Orca Wind Power Corp (“OWP”) under the name NU2U Resources Corp. and subsequently changed its name to Lanebury Growth Capital Ltd. on April 25, 2017. On November 21, 2017, the Company’s shares were listed on the Canadian Securities Exchange under the trading symbol “LLL”.

This Management Discussion and Analysis (“MD&A”) supplements but does not form part of the interim condensed financial statements of the Company and notes thereto for the six months ended December 31, 2018, and consequently should be read in conjunction with the afore-mentioned financial statements and notes thereto and with the Company’s audited financial statements and related notes for the year ended June 30, 2018. This MD&A is dated January 25, 2019 and discloses specified information up to that date.

All statements other than statements of historical fact in this MD&A are forward-looking statements. These statements represent the Company’s intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

THE COMPANY AND BUSINESS

Lanebury is an investment company specializing in business opportunities in the technology arena. The Company targets investments that have a monthly revenue model and can be scaled easily using internet and mobile technologies. The proposed investments are generally early stage startups that already have developed a customer and revenue base with competent management in place and are seeking funding for expansion.

The current directors have considerable experience dealing in the technology area and can be expected to find considerable opportunities for investment in the less than one million dollars range, either through debt or equity investments, where risk is elevated but may be reduced by diversification, and where these investments can be profitable.

The Company’s primary industry focus is as follows:

- I. Internet hardware, systems and software
- II. Internet media
- III. Internet health
- IV. Internet education
- V. Unique technologies applied in an innovative business model

RESULTS OF OPERATIONS

	Three months ended December 31,		Six months ended December 31,	
	2018	2017	2018	2017
Expenses				
Management and consulting fees	4,339	5,006	10,193	8,460
Office and sundry	88	100	413	189
Professional fees	4,250	6,639	15,650	13,795
Share-based payments	-	-	109,254	-
Transfer agent and filing fees	1,955	19,215	7,937	19,637
	(10,632)	(30,960)	(143,447)	(42,081)
Other items				
Foreign exchange gain	69,700	-	43,200	-
Interest income	16,830	21,553	32,740	37,228
Interest expense	-	(35,738)	-	(63,943)
Gain (loss) on derivative	(10,983)	107,536	(32,091)	97,921
Net income (loss)	\$ 64,915	\$ 62,391	\$ (99,598)	\$ 29,125

THREE MONTH PERIOD ENDED DECEMBER 31, 2018 AND 2017

Income

The net income for the quarter ended December 31, 2018 was \$64,915 compared to \$62,391 for the quarter ended December 31, 2017, representing an increase of \$2,524.

Expenses

For the quarter ended December 31, 2018, total expenses were \$10,632 compared to \$30,960 recorded during the same period in 2017, representing a decrease in expenses of \$20,328. Material variances over the comparable period are discussed below.

Transfer agent and filing fees

For the quarter ended December 31, 2018, transfer agent and filing fees were \$1,955 compared to \$19,215 for the same quarter in the prior year, representing a decrease in transfer agent and filing fees of \$17,260. The lower fees for the current quarter are related to the Company being listed on the Canadian Securities Exchange.

Other items

For the quarter ended December 31, 2018, interest expense was \$Nil compared to \$35,738 for the same quarter ended December 31, 2017. The decrease in interest expense is related to the repayment of \$482,312 in related party loans in November 2017.

For the quarter ended December 31, 2018, foreign exchange gain was \$69,700 compared to \$Nil for the same quarter in the prior year. The increase is related to the translation of the Company's USD \$1,000,000 investment purchased during the current year.

For the quarter ended December 31, 2018, the Company incurred a loss on derivative of \$10,983 compared to a gain on derivative of \$107,536 for quarter ended December 31, 2017. This is related to the decrease in the fair value of the warrants included in the units purchased from Mobio Technologies Inc. ("Mobio") during the prior year.

SIX MONTH PERIOD ENDED DECEMBER 31, 2018 AND 2017

Net loss

Net loss for the six months ended December 31, 2018, was \$99,598 compared to net income of \$29,125 for the quarter ended December 31, 2017, representing a decrease in net income of \$128,723.

Expenses

For the six months ended December 31, 2018, total expenses were \$143,447 compared to \$42,081 recorded for the same period in 2017, representing an increase in expenses of \$101,366. After removing the noncash item, share-based payments, total expenses for the period ended December 31, 2018 were \$34,193 compared to \$42,081 for the period ended December 31, 2017. Material variances over the comparable period are discussed below.

Transfer agent and filing fees

For the six months ended December 31, 2018, transfer agent and filing fees were \$7,937 compared to \$19,637 for the same quarter in the prior year, representing a decrease in transfer agent and filing fees of 11,700. The higher fees for the previous quarter are related to the Company being listed on the Canadian Securities Exchange.

Share-based payments

For the six months ended December 31, 2018, share-based payments were \$109,254 compared to \$Nil for the same period in the prior year. The increase is related to 400,000 stock options granted during the period.

Other items

For the six months ended December 31, 2018, interest income was \$32,740 compared to \$37,228 for the six months ended December 31, 2017, and interest expense was \$Nil compared to \$63,943 for the six months ended December 31, 2017. The decrease in interest expense is related to the repayment of \$482,312 in related party loans in November 2017.

For the six months ended December 31, 2018, the Company incurred a loss on derivative of \$32,091 compared to a gain of \$97,921 for the period ended December 31, 2017. The loss was related to an decrease in the fair value of warrants included in the units purchased from Mobio during the prior year.

SUMMARY OF QUARTERLY INFORMATION

Fiscal quarter ended	Revenues ¹	Net Income	Comprehensive	Earnings (Loss) from
		(Loss)	Income (Loss)	Continuing Operations –
				Per Share ^{2,3}
		\$	\$	\$
December 31, 2018	Nil	64,915	6,165	0.01
September 30, 2018	Nil	(164,513)	(246,763)	(0.02)
June 30, 2018	Nil	(335,076)	(288,076)	(0.12)
March 31, 2018	Nil	(102,207)	(372,457)	(0.05)
December 31, 2017	Nil	62,391	403,141	0.02
September 30, 2017	Nil	(33,266)	(80,266)	(0.02)
June 30, 2017	Nil	(74,533)	(88,701)	(0.04)
March 31, 2017	Nil	(29,659)	(6,159)	(0.01)
December 31, 2016	Nil	(18,252)	(41,752)	(0.01)

Note 1: Revenues exclude interest income.

Note 2: Loss per share is rounded to the nearest whole cent

Note 3: All amounts have been restated to reflect the twelve for one share consolidation effected in April 2017

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2018, the Company had current assets of \$2,977,024 and current liabilities of \$10,300 compared to current assets of \$4,479,946 and current liabilities of \$17,678 as at June 30, 2018. At December 31, 2018, there was working capital of \$2,966,724 compared to working capital of \$4,462,268 at June 30, 2018.

Cash and cash equivalents at December 31, 2018 were \$2,406,046 compared to \$3,766,164 at June 30, 2018.

On July 24, 2018, the Company completed a USD \$1,000,000 investment in Finhaven Technology Inc. (“Finhaven”) pursuant to the Simple Agreement for Future Equity (the “SAFE”). The SAFE provides that the investment will be converted into common shares of Finhaven at a price equal to USD \$33,000,000 divided by the capitalization of Finhaven no later than 90 days past June 30, 2020.

On December 12, 2017, the Company entered into an agreement to loan \$50,000 to Mobio. The loan bears interest at 10% per annum, calculated monthly, not in advance, and is secured by a promissory note. The principal balance plus accrued interest was due and payable on December 12, 2018. During the period ended December 31, 2018, interest of \$2,533 was earned on the loan.

On November 7, 2017, the Company entered into an agreement to loan \$150,000 to Mobio. The loan bears interest at 10% per annum, calculated monthly, not in advance, and is secured by a promissory note. The principal balance plus accrued interest was due and payable on November 7, 2018. During the period ended December 31, 2018, interest of \$7,742 was earned on the loan.

On November 6, 2017, the Company entered into an agreement to loan \$50,000 to Mobio. The loan bears interest at 10% per annum, calculated monthly, not in advance, and is secured by a promissory note. The principal balance plus accrued interest was due and payable on November 6, 2018. During the period ended December 31, 2018, interest of \$2,582 was earned on the loan.

On October 3, 2017, the Company entered into an agreement to loan \$50,000 to Mobio. The loan bears interest at 10% per annum, calculated monthly, not in advance, and is secured by a promissory note. The principal balance plus accrued interest was due and payable on October 3, 2018. During the period ended December 31, 2018, interest of \$2,601 was earned on the loan.

On July 27, 2017, the Company entered into an agreement to loan \$100,000 to Mobio. The loan bears interest at 10% per annum, calculated monthly, not in advance, and is secured by a promissory note. The principal balance plus accrued interest was due and payable on July 27, 2018. During the period ended December 31, 2018, interest of \$5,430 was earned on the loan.

In the future, the Company will need to continue raising additional capital. As a public company, the evaluation by the investment community and individual investors will determine the outcome of any financing in the public market.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES AND KEY MANAGEMENT PERSONNEL

Balances

The following amounts payable to related parties are included in trade payables and accrued liabilities:

	December 31, 2018	June 30, 2018
CEO of the Company	\$ -	\$ 1,111
Company controlled by the CFO of the Company	3,254	3,582
	\$ 3,254	\$ 4,693

Transactions – paid or accrued

Transactions with related parties are summarized in the tables below:

	Six month period ended	
	December 31, 2018	December 31, 2017
Interest and accretion on loans payable to a company controlled by the CEO	\$ -	\$ 63,942
Interest on loan receivable from Mobio	20,888	8,836
Management and consulting fees paid to a company controlled by the CFO	10,193	8,460
Professional fees paid to a company controlled by the CFO	3,438	5,130

In addition, share-based payments of \$109,254 (2017 - \$Nil) were paid to officers and directors of the Company during the period ended December 31, 2018.

All transactions with related parties have occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Loans to related party

During the year ended June 30, 2018, the Company entered into five agreements to loan a total of \$400,000 to Mobio, a company with a common director. The loans bear interest at 10% per annum, calculated monthly, not in advance, and are secured by a promissory note. The principal balances plus accrued interest were due and payable on July 27, 2018, October 3, 2018, November 6, 2018, November 7, 2018 and December 12, 2018 respectively.

As at December 31, 2018, the Company has recorded interest income of \$49,560 (2018 - \$28,672) related to the loans receivable. The loans have not been repaid as of the date of this MD&A.

FINANCIAL INSTRUMENTS

The fair value of the Company's loans receivable and accrued interest, warrants held, trade payables and other payables approximates the carrying value due to the short-term nature of the instruments. The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk:

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company is exposed to credit risk on the loans receivable from Mobio in the amount of \$449,560. The Company is in regular communication with Mobio and has a degree of confidence that the loans will be repaid.

Liquidity risk:

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had a cash balance of \$2,406,046 (June 30, 2018 - \$3,766,164) to settle current liabilities of \$10,300 (June 30, 2018 - \$17,678). Management believes it has sufficient funds to meet its future obligations as they become due.

Market risk:

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and equity prices.

- (a) Interest rate risk - the Company has a cash balance and interest-bearing debt making the company sensitive to interest rate fluctuations.
- (b) The Company is headquartered in Canada and its functional reporting currency is the Canadian dollar. The Company has a significant investment that is denominated in US dollars. As such, the Company's results of operations are subject to foreign currency fluctuation risks and these fluctuations may adversely affect the financial position and operating results of the Company. As of December 31, 2018, the Company does not use derivative instruments to reduce its exposure to currency risk. A 10% change in the US dollar to the Canadian dollar exchange rate would impact the Company's net income by \$136,720.

- (c) Price risk - The Company is exposed to price risk with respect to the investment in warrants and shares of Mobio. A 10% change in the value of Mobio shares would give rise to a \$1,414 change in net loss.

Fair value of financial instruments

The Company's financial instruments measured at fair value consist of cash and cash equivalents, receivables and prepaid expenses, warrants, marketable securities and trade payables and other payables. The carrying values of cash and cash equivalents, receivables and prepaid expenses, trade payables and other payables approximate their fair values due to their short-term nature and/or the existence of market related interest rates on the instruments. The carrying value of marketable securities approximates their fair value as it is based on the closing trading price of the security on the reporting date. The carrying value of warrants is based on the Black-Scholes Option Pricing Model and approximates the fair value.

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.

All financial instruments other than warrants are classified as Level 1. Warrants are classified as Level 2.

There has been no change in Levels for the period ended December 31, 2018.

SHARE CAPITAL

The total number of common shares outstanding at December 31, 2018 and the date of this MD&A is 10,320,803.

As at December 31, 2018 and at the date of this report there were 400,000 stock options and no warrants outstanding.

RISK FACTORS

In evaluating an investment in Lanebury, in addition to other information contained in this MD&A, investors should consider the following risk factors associated with Lanebury. These risk factors are not a definitive list of all risk factors associated with the Company and its business.

Risk of Loss of Entire Investment

Investing in startup companies involves a high level of risk. Startup companies may fail completely or Lanebury may be unable to resell the shares it owns in the startup or collect upon the debt instrument that the Company has purchased from the startup. In these situations, Lanebury may lose the entire amount of the investment.

Return on Investment is Not Guaranteed

The amount of return on investment, if any, is highly variable and not guaranteed. Some start-ups may be successful and generate significant returns, but many will not be successful and will only generate small returns, if any at all. Investment returns that the Company may receive will be variable in amount, frequency, and timing.

Delay in Return on Investment

Any returns generated by startup companies may take several years to materialize. Most startups take five to seven years to generate any investment return, if at all.

Liquidity Risk

It may be difficult to resell the investment in a startup. Startup investments are privately held companies and are not traded on a public stock exchange. Also, there is currently no readily available secondary market for private buyers to purchase securities of startups. Furthermore, there may be restrictions on the resale of the shares of the startup and the ability to transfer those shares.

Dilution Risk of the Investment

Startup companies may need to raise additional capital in the future through the issue of additional shares. This will dilute the percentage ownership that Lanebury has in the company.

Risk of Inaccurate Valuation of the Investment

Unlike publicly traded companies that are valued through market-driven stock prices, the valuation of private companies, especially startups, is difficult to assess. The issuer will set the share price of the investment and there is a risk of overpaying for that investment.

Risk of Failure of the Startup

Investments in startup are speculative, and these companies often fail. Unlike an investment in a mature business where there is a track record of revenue and income, the success of a startup often relies on the development of a new product or service that may or may not find a market.

Risk of Profitability of Startup Companies

A startup company is still in an early phase and may be just beginning to implement its business plan. There can be no assurance that it will ever operate profitably. The likelihood of achieving profitability should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by companies in their early stages of development. The startup company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

Funding risk

A startup company may require funds in excess of its existing cash resources to fund operating expenses, develop new products, expand its marketing capabilities, and finance general and administrative activities. Due to market conditions at the time the startup company needs additional funding, it is possible that the company will be unable

to obtain additional funding when it needs it, or the terms of any available funding may be unfavorable. If the company is unable to obtain additional funding, it may not be able to repay debts when they are due, or the new funding may excessively dilute existing investors. If the company is unable to obtain additional funding as and when needed, it could be forced to delay its development, marketing and expansion efforts and, if it continues to experience losses, potentially cease operations.

Disclosure risks

The startup company is at an early stage and may only be able to provide limited information about its business plan and operations because it does not have fully developed operations or a long trading history. The company is also only obligated to provide limited information regarding its business and financial affairs to investors.

Personnel risks

An investment in a startup is also an investment in the management of the company. Being able to execute on the business plan is often an important factor in whether the business is viable and successful. The startup company's management may not have the necessary expertise and experience to deliver on the company's business plan.

Growth risk

For a startup to succeed, it will need to expand significantly. There can be no assurance that it will achieve this expansion. Expansion may place a significant strain on the company's management, operational and financial resources. To manage growth, the company will be required to implement operational and financial systems, procedures and controls. It also will be required to expand its finance, administrative and operations staff. There can be no assurance that the company's current and planned personnel, systems, procedures and controls will be adequate to support its future operations. The company's failure to manage growth effectively could have a material adverse effect on its business, results of operations, and financial condition.

Competition risk

The startup may face competition from other companies, some of which might have received more funding than the startup has. One or more of the company's competitors could offer services similar to those offered by the company at significantly lower prices, which would cause downward pressure on the prices the company would be able to charge for its services. If the company is not able to charge the prices it anticipates charging for its services, there may be a material adverse effect on the company's results of operations and financial condition.

Market demand risk

While a startup company believes that there will be customer demand for its products, there is no assurance that there will be broad market acceptance of the company's offerings. There also may not be broad market acceptance of the company's offerings if its competitors offer products which are preferred by prospective customers. In such event, there may be a material adverse effect on the company's results of operations and financial condition, and the company may not be able to achieve its goals.

Control risks

Because the company's founders, directors and executive officers may be among the company's largest stockholders, they can exert significant control over the company's business and affairs and have actual or potential interests that may depart from Lanebury's. The company's founders, directors and executive officers may own or control a significant percentage of the startup company. In addition to their board seats, such persons will have significant influence over corporate actions requiring stockholder approval, irrespective of how the company's other shareholders, including Lanebury, may vote.

Cyber Security Risks

As the Corporation continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Corporation relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results, Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Corporation's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Corporation has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Corporation believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications

ADDITIONAL INFORMATION

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