GREEN 2 BLUE ENERGY CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2020

This discussion and analysis of financial position and results of operations is prepared as at July 9 , 2020 and should be read in conjunction with the unaudited condensed interim consolidated financial statement as at March 31, 2020 as well as with the audited consolidated financial statements for the year ended June 30, 2019, of Green 2 Blue Energy Corp. ("G2B" or the "Company"). The unaudited condensed interim consolidated financial statements are presented in Canadian dollars and have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All references to dollar amounts are in Canadian dollars unless otherwise noted. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Management's Discussion and Analysis may include forward-looking statements with respect to business plans, activities, prospects, opportunities and events anticipated or being pursued by the Company and the Company's future results. Although the Company believes the assumptions underlying such statements to be reasonable, any of the assumptions may prove to be incorrect. The anticipated results or events upon which current expectations are based may differ materially from actual results or events. Therefore, undue reliance should not be placed on such forward-looking information.

Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

Forward-looking statements speak only as of the date of this MD&A and actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors. Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based may not occur. The Company does not assume responsibility for the accuracy and completeness of the forward-looking statements set out in this MD&A and, subject to applicable securities laws, does not undertake any obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances. The forward-looking statements contained herein are expressly qualified by this cautionary statement

DESCRIPTION OF BUSINESS

The Company was incorporated as a wholly-owned subsidiary of Voltaire Services Corp. ("Voltaire") pursuant to the Business Corporations Act ("BCBCA") on October 9, 2014 under the name "Brigade Resource Corp.". Its head office is located at Suite 1518, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 and its registered and records office is located at Suite 1080, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

On November 20, 2014, the Company entered into the Arrangement Agreement with Voltaire and Brigadier Exploration Corp. ("Brigadier"). Brigadier was incorporated pursuant to the BCBCA on August 13, 2014. The Arrangement Agreement contemplated the Arrangement whereby the Company would become a reporting issuer in the provinces of Alberta and British Columbia and Brigadier would become a wholly-owned subsidiary of the Company. The Arrangement was approved by the Supreme Court of British Columbia on January 5, 2015 and was completed on July 6, 2015.

On March 3, 2017, the Company's subsidiaries, Brigadier Exploration Corp., Battalion Capital Corp. and Hussar Exploration Corp. merged with the Company through a vertical short form amalgamation, which was approved by the Company's Board of Directors on March 2, 2017.

On July 21, 2017, the Company changed its name to "Green 2 Blue Energy Corp.".

The Company was previously engaged in the business of mineral exploration and the acquisition of mineral property assets in Ontario through its subsidiary, Brigadier. The Company has since terminated all of its mineral property interests.

On January 16, 2017, the Company entered into a Share Exchange Agreement (the "Acquisition") with G2BE Canada Inc. ("G2BEC"), a private British Columbia company incorporated on May 30, 2014 for a reverse-takeover transaction whereby the Company would acquire all of the issued and outstanding common shares in the capital of G2BEC.

On July 21, 2017, the Company completed the Acquisition with G2BEC by issuing 47,000,002 common shares to the G2BE shareholders on the basis of one common share for every one G2BEC common share. Upon completion of the Acquisition, the G2BEC shareholders held approximately 87% of the issued and outstanding shares of the Company. As the shareholders of G2BEC hold a majority of the common shares of the Company and will continue its existing business, G2BEC is considered to have acquired the Company on an accounting basis, and the transaction was accounted for as a reverse takeover.

Consequently, the Company now has six subsidiaries: (i) G2BE Canada Inc, which was incorporated under the BCBCA on May 30, 2014; (ii) G2BE SINO Limited., which is 65% owned by the Company and incorporated under the laws of Hong Kong on August 20, 2018; (iii) G2BE Europe Limited. (G2BEEL), which was incorporated under the laws of Malta on June 11, 2018; (iv) G2BE Poland Sp. z o. o. was incorporated under the laws of Poland on June 28, 2016; (v) G2BE Production Sp. z o. o. was incorporated under the laws of Poland on October 13, 2014; and (vi) G2BE Zaklad 2 Sp. z o. o. was incorporated under the laws of Poland on October 10, 2018.The Company is now engaged in the production of both 6mm and 8mm wood pellets at its facility in Rzeczenica, Poland and its newly leased facility in Szczypkowice. All of the Company's manufactured wood pellets are ENplus A1 Certified to the highest standards and sold to customers for both residential and commercial heat and power generation.

On February 6, 2020, the Company's wholly owned subsidiary G2BE Production Sp. z o. o ("G2BEP") voluntarily filed a bankruptcy petition with the relevant court in Poland. G2BEP is the entity which manufactures products of the Company and has currently halted its production. The other subsidiaries of the Company are not affected by the bankruptcy.

On November 10, 2017, the Company completed an equity financing by way of private placement relying on the prospectus and registration exemptions pursuant to NI 45-106 and other applicable laws, rules and regulations to issue 10,436,700 units of the Company at a price of $0.10 per unit to raise gross proceeds of $1,043,670. In connection with the Financing, the Company issued 146,800 Units with a fair value of $0.10 per share as finder's fees and 108,000 warrants with a fair value of $6,786 as finder's fees. Each unit consisted of one common share and one common share purchase warrant, each warrant entitling the holder thereof to purchase one common share for the price of $0.10 per share for a twelve-month period and thereafter for the price of $0.20 per share for an additional twelve-month period.

On November 24, 2017, the Company closed a non-brokered private placement offering (the "Financing") of 1,025,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of $102,500. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.10 per share for a period of 12 months form the closing of the Financing and thereafter at a price of $0.20 per share until 24 months from the closing of the Financing.

On March 7, 2018, the Company closed a non-brokered private placement offering (the "Financing") of 6,555,000 units (the "Units") at a price of $0.25 per Unit for gross proceeds of $1,638,750. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.35 per share for a period of 24 months from the closing of the Financing. In connection with the Financing, the Company paid $78,900 of finder's fees and issued 335,600 warrants with a fair value of $55,208 as finder's fees.

On April 16, 2018, the Company closed a non-brokered private placement offering (the "Financing") of 14,266,665 units (the "Units") at a price of $0.30 per Unit for gross proceeds of $4,280,000. Each Unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to acquire one common share at a price of $0.35 per share for a period of 18 months from the closing of the Financing.

On April 30, 2019, the Company closed its first tranche of a non-brokered private placement of unsecured convertible debentures, having a term of 36 months accruing interest at 10% per annum, accrued and paid annually. The holders of the debentures have the option to convert into common shares in $5,000 increments at $0.20 per share. The Company may force the conversion of the principal amount the then outstanding debentures at the conversion price on not less than 30 days' notice should the daily volume weighted average trading price of the Company's outstanding common shares on the Canadian Securities Exchange be equal to or greater than $0.40 per common share for any 10 consecutive trading days, subject to such mandatory conversion being permitted under the policies of the Exchange at the time of conversion. The second tranche was close on July 18th, with the Company receiving gross proceeds of $10,000.

On July 25, 2019, the Company announced the closing of its first tranche of non-brokered private placement of units

for gross proceeds of $425,738. Pursuant to the Private Placement, the Company issued 8,514,760 Units at a price of $0.05 per Unit. Each Unit consists of one common share of the Company (a "Share") and one-half (1/2) of one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at a price of $0.10 per share for a period of 18 months from the date of issuance.

On July 25, 2019, the Company completed the closing of its first tranche of non-brokered private placement of units for gross proceeds of $425,738. Pursuant to the Private Placement, the Company issued 8,514,760 Units at a price of $0.05 per Unit. Each Unit consists of one common share in the capital of the Company (a "Share") and one-half (1/2) of one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share in the capital of the Company at a price of $0.10 for a period of 18 months from the date of issuance.

On August 25, 2019, G2BEEL entered into an agreement with a third party to obtain a loan of $200,000. The loan is guaranteed by the Company, collateralized by a charge on all the assets of G2BEPL, bears interest at 8% per annum and is due on February 15, 2020. As at January 27, 2020, G2BEEL has received $290,031 under this loan agreement. On February 19, 2020, the loan was in default and the amount of $290,031 plus accrued interest is due and payable.

On November 29, 2019, the Company transferred ownership of G2BE Zaklad 2 Sp. z. o. o. ("G2BZ2") to arm's length, a British Columbia private company. The transaction was caused by the inability to provide financing by the Company for the continuation of the operation of G2BZ2 and repayment of liabilities. The Company recorded a loss of $51,229 as a result of the disposal of the subsidiary G2BZ2.

On December 20, 2019, the Company failed not only to finalize the purchase of the property in Rzeczenica but also to pay its outstanding lease obligations. As a result, the property lease agreement expired. The Company is in a process of negotiating the terms of a new lease agreement and terms of debt repayment under to old lease agreement.

On February 6, 2020, G2BEP, one of the Company's wholly owned subsidiaries, with its registered office in Rzeczenica, Poland, filed a voluntary bankruptcy petition with the relevant court in Poland, pursuant to article 20 clause 1 of the Bankruptcy Act (Poland). The voluntary bankruptcy petition was filed because G2BEP had limited financial resources and was unable settle current liabilities as they became due. No external administrators have been appointed to oversee the voluntary bankruptcy and the Company still maintains full control over G2BEP. G2BEP is negotiating with its creditors with respect to settling outstanding debts. The Company is also seeking to raise additional funds from external investors, either by way of share issuances or through debt in order to assist in the settlement debts of G2BEP. G2BEP has suspended production at its facility until such time as it has sufficient financial resources to continue operations.

On February 19, 2020, the subsidiary of the Company, G2BE Europe Ltd. as the Borrower and the Company as a Guarantor have received a letter from the Lender regarding the Short Term Secured Loan agreement ("Loan Agreement"). The letter states that according to the terms of the Loan Agreement and because the British Columbia Securities Commission issued a Cease Trade Order against the Company, the amount of $290,031.08 CAD (the "Loan") plus accrued interest is now immediately due and payable. G2BE is negotiating the settlement with the Lender to satisfy all parties.

On April 14, 2020, the Company announced, further to its prior news release, the Company and its wholly owned subsidiary G2BE Europe Ltd. (the "G2BEEL") have entered into a Settlement Agreement (the "Settlement Agreement") to settle outstanding loan. as at March 31, 2020 and the date of the Settlement Agreement the amount outstanding was CDN $301,594.52. Pursuant to the terms of the Settlement Agreement: The Parties agree that repayment of the outstanding loan may be made by, and the Loan shall be deemed to be repaid in full upon: The Company transferring to the Lender, all of the issued and outstanding shares of G2BEEL, free and clear of all liens, charges and encumbrances, and delivering to the Lender, a share certificate for such shares registered in the name of the Lender, a copy of the resolutions of the directors of G2BEE approving the transfer of such shares; and The Company transferring to the Lender all of the issued and outstanding shares of G2BE Canada Inc., free and clear of all liens, charges and encumbrances, and delivering to the Lender a share certificate for such shares registered in the name of the Lender, a copy of the resolution of the directors of G2BE Canada Inc. approving the transfer of such shares to the Lender.

On June 16, 2020, the Company incorporated a wholly owned subsidiary called Arsenal Health Sciences Corporation ("Arsenal"). Arsenal is a newly incorporated entity that was established in anticipation of the possibility of the Company being presented with compelling opportunities outside of the clean technology environmental sector in which it currently operates.

OVERALL PERFORMANCE

Results of Operations for the Nine Months Ended March 31, 2020 and 2019:

	Nine Months Ended March 31,	
	2020	**2019**
Revenue	$ 569,854	$ 1,292,087
Cost of sales	(655,861)	(1,050,097)
	(86,007)	241,990
Operating expenses		
Consulting and management fees	(336,101)	(153,100)
Other operating expenses *	(782,850)	(1,147,229)
Share-based compensation expense	-	(126,205)
Total other income (expense)	836,858	(76,272)
Net loss for the period	(368,100)	(1,260,816)
Basic and diluted loss per share	(0.01)	(0.01)

*Other operating expense includes deprecation, foreign exchange, professional fees, travel, wage and benefits etc.

Revenues for the nine months ended March 31, 2020 were $569,854, compared to $1,292,087 in the comparative period in prior year. Cost of sales for the nine months ended March 31, 2020 were $655,861, compared to $1,050,097 in the comparative period in prior year. Other operating expenses for the nine months ended March 31, 2020 were $782,850, compared to $1,147,229 in the comparative period in prior year.

Revenue, cost of sales and other operating expenses were lower due to the sale of operating subsidiaries and winding down of operations in the current fiscal year.

Consulting and management fees for the nine months ended March 31, 2020 were $336,101, compared to $153,100 in the comparative period in prior year. The expenses were higher in the current fiscal year due to new senior management contract executed.

Share-based compensation expense was $nil during the nine months ended March 31, 2020, as no options were vested in this period. Share-based compensation expense was $126,205 during the nine months ended March 31, 2019.

Other income for the nine months ended March 31, 2020 were $836,858, compared to other expense of $76,272. The current fiscal year's income was driven by non-routine gain in disposition of subsidiaries, which didn't occur in the prior period.

Quarterly Information

	March 31, 2020 $	December 31, 2019 $	September 30, 2019 $	June 30, 2019 $
Total Assets	207,741	1,823,662	1,572,750	2,160,549
Working Capital (Deficiency)	(421,194)	(1,677,310)	(1,515,176)	(1,412,811)
Gross Profit (Loss)	(82,796)	42,569	(45,780)	(131,324)
Net Loss	25,309	(36,716)	(355,693)	(642,858)
Earnings (Loss) Per Share	0.00	(0.00)	(0.01)	(0.01)

	March 31, 2019 $	December 31, 2018 $	September 30, 2018 $	June 30, 2018 $
Total Assets	2,074,944	2,170,140	1,803,653	2,160,549
Working Capital (Deficiency)	(1,396,214)	(1,245,459)	(376,880)	265,684
Gross Profit (loss)	46,422	121,304	74,264	(269,755)
Net Loss	(476,466)	(395,623)	(388,727)	(5,407,045)
Loss per Share	(0.01)	(0.01)	(0.00)	(0.05)

Three months ended March 31, 2020 compare to all historic quarters in the 2019 and 2018.

The Company's assets are lowest when compared to all historic quarters in 2019 and 2018. This was mainly driven by the disposition of subsidiaries that occurred in the current fiscal year. Along with its assets, the liabilities were also disposed. This resulted lowest assets balance and working capital deficient (except in June 30, 2018 and September 30, 2018). Those two historic quarters had a lower working capital deficient due to timing difference of working capital items.

The Company's loss profit in the current three month ended March 31, 2020 was one of the highest when compared to historic quarters in 2019 and 2018. This was mainly driven by the winding down of the operating subsidiaries before disposing the subsidiaries. Those two historic quarters (June 30, 2018 and 2019) had a lower gross loss were due to timing difference and business challenges related to revenue and cost of sales

The Company's net income was higher than all historic quarters due to a non-routine gain in disposition of subsidiaries, which occurred in the current fiscal year.

Capital Resources

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its board of directors, will balance its overall capital structure through new equity issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2019.

Liquidity and Capital Resources

	Nine Months Ended March 31, 2020	2019
Cash used in operating	$ (389,716)	$ (454,708)
Cash used in investing	(12,792)	(778,246)
Cash flow from financing	397,957	437,423
Effect of foreign exchange on cash	-	54,011
Net change in cash	(4,551)	(741,520)
Cash – beginning of the period	6,174	766,483
Cash – end of the period	1,623	24,963

As at March 31, 2020, the Company had a cash balance of $1,623 (June 30, 2019 – $6,174) and working capital deficit of $421,194 (June 30, 2019 - $1,412,811). The decrease in cash and working capital deficit was driven by the disposal of subsidiaries (along with its liabilities).

Cash used in operating in the current period was lower than prior year's comparative. This was mainly due to decrease in corporate activity upon disposition of its subsidiaries during the current fiscal year.

Cash used in investing in the current period was lower than prior year's comparative. This was mainly due to the lack of cash to invest in equipment. In addition, the Company has disposed its revenue generating subsidiaries in the current fiscal year.

Cash flow from financing was lower than prior year's comparative. There was no specific reason that is driving this trend. The Company obtains all available type of financing to keep the parent and its subsidiaries in good standing during a challenging capital markets environment.

Going concern

These interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2020, the Company had a negative cash flow from operations, had an accumulated deficit of $12,833,941 (June 30, 2019 $12,469,687). Furthermore, the Company incurred a net loss of $368,100 during the nine months ended March 31, 2020 (2019 - $1,260,816). To obtain future profitability, the Company will need to increase the volume of production and sales, and is reliant on the co-operation of creditors to pay outstanding amounts on a timely basis. These factors, among others, create substantial doubt as to the ability of the Company to continue as a going concern. Management believes that the proceeds from additional equity and debt financing activities that it is currently pursuing, combined with revenue that the Company expects to generate in subsequent periods, will provide the Company with sufficient working capital to satisfy its liabilities and commitments as they become due for the foreseeable future. There can be no assurances that sufficient equity or debt can be raised on a timely basis or on terms that are acceptable to the Company. These factors, however, indicate the existence of a material uncertainty that casts significant doubt on the ability of the Company to continue as a going concern or in its present form. These interim consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Related Party Transactions

During the nine months ended March 31, 2020, the Company was engaged in the following related party transactions:

a) As at March 31 ,2020, the Company owed $421,814 (June 30, 2019 - $200,462) to the President of the Company and a company controlled by the President of the Company. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

b) As at March 31, 2020, the Company owed $87,351 (June 30, 2019 - $15,351) to a Director of the parent Company. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

c) As at March 31, 2020, the Company owed $5,500 (June 30, 2019 - $10,000) to the Chief financial Officer of the Company. The amount owing is unsecured, non-interest bearing, due on demand and is included in Due to related parties.

d) During the nine months ended March 31, 2020, the Company recorded management fees of $250,600 (2019 - $46,500) to the President of the Company and a company controlled by the President of the Company.

e) During the nine months ended March 31, 2020, the Company recorded management fees of $10,000 (2019 - $75,600) to a company controlled by the Chief Financial Officer of the Company.

f) During the nine months ended March 31, 2020, the Company recorded consulting fees of $72,000 (2019 - $12,000) to a Director of the Company.

Contractual Obligations and Commitments

The Company's commitments and obligations are noted below:

The Company had no significant commitments or contractual obligations with any parties related to executive compensation, consulting arrangements, or other matters other than disclosed below and disclosed in Note 9, *Obligations Under Financial Lease*.

(a) On December 20, 2018, the Company entered into a three-year consulting agreement with a Director of the Company whereby the Director is to receive $8,000 a month. Additionally, the Director is to receive 500,000 stock options, the terms of which have not yet been determined.

(b) On April 1, 2019, the Company entered into a consulting agreement with the Company's President and a company controlled by the President. Pursuant to that agreement, the Company is to pay an annual consulting fee of $285,000 payable in monthly instalments of $23,750. The term of the contract is five years and may be extended for two more years.

Contingencies

Civil Claim against the Company

On July 22, 2019, the Company served with a notice of civil claim, filed on July 11, 2019 with the Supreme Court of British Columbia, by Plaintiffs under the Class Proceedings Act, RSBC 1996, c 50, naming Green 2 Blue Energy Corp. as a defendant along with 86 additional defendants, in connection with allegations of the inappropriate use of the exemption from prospectus requirements contained in Section 2.12 of National Instrument 45-106 Prospectus Exemptions, and the disclosure records of the Company in respect of distributions of securities to consultants using such exemption. Honourable Madam Justice Adair has been assigned as the Judicial Management Judge in the above noted matter under the Class Proceedings Act. The Judicial Management Conference has been scheduled for Tuesday, March 24, 2020 in Vancouver. This was adjourned to July 7, 2020 because of COVID-19 pandemic. On July 7, 2020, Judicial Management Conference was further adjourned to July 14, 2020 unless by the close of business Friday, July 10, 2020, Plaintiff counsel advise that they would prefer to have a new Case Management judge assigned given Madam Justice Adair's relationship with Mr. Fraser. As at March 31, 2020, and as of the date of approval of the financial statements, no legal decision has been made.

The Company also had a regulatory hearing submission before the B.C. Securities Commission ("BCSC") in respect of the allegation of misuse of the exemption from prospectus requirements contained in section 2.12 of National Instrument 45-106 and connected agreements with consultants of the Company. As at March 31, 2020, and as of the date of approval of the financial statements, no decision has been received.

Off Balance Sheet Arrangements

As at March 31, 2020 and the date of this report, the Company does not have any, and during the periods presented we did not have any, off-balance sheet arrangements, other than the contractual obligations and commitments described above.

Proposed Transactions

The Company does not have any proposed transactions as at March 31, 2020 and the date of the report, other than as disclosed elsewhere in this document.

Critical Accounting Policies and Significant Judgements and Estimates

The preparation of the Company's interim consolidated financial statements requires management to make certain estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the

consolidated financial statements and reported amounts of expenses during the period. These estimates are, by their nature, uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions, and other factors including expectations of future events that are believed to be reasonable under the circumstances

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in our consolidated financial statements within the next financial year are discussed below:

i) The useful life and recoverability of long-lived assets:

Management estimates the useful lives of property and equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for depreciation of property and equipment for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of technical or commercial obsolescence, and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company's property and equipment in the future.

The assessment of any impairment of property and equipment, including intangible assets, is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions, timing of cash flows, the useful lives of assets, and their related salvage values.

ii) Allowance for doubtful accounts:

The Company's method of establishing an allowance for doubtful accounts is estimated and recorded based upon management's assessment both of historical data as well as other pertinent information relative to the receivables in question. The information gathered will result in a specific bad debt expense for accounts which management considers being uncollectible and recorded in the period in which this determination is made.

iii) Provisions:

Management's judgment is required to determine amounts to be recognized for liabilities of uncertain timing or amounts that have arisen as a result of past transactions. Provisions are the best estimate of the expenditure required to settle the obligation at the reporting date.

iv) Inventory valuation:

In order to determine whether the inventory is properly stated at the lower of cost or net realizable value, management reviews the amount of inventory on hand, the product life and estimates the time required to sell such inventory taking into account current and expected market conditions and competition. A reserve for inventory, if recorded, primarily consists of all or a portion of the inventory which is not expected to be sold, based on the specific facts and circumstances.

v) Recognition of deferred income tax assets:

Related deferred income tax assets and deferred income tax liabilities are recognized for the estimated tax consequences between amounts included in the financial statements and their respective tax basis based on the enacted or substantively enacted future income tax rates. Timing of future revenue streams and future capital spending changes can affect the timing of any temporary differences, and the expected usage of existing tax pools and credits, and accordingly can affect the amount of the deferred income tax assets and liabilities calculated at a point in time. These differences could materially impact earnings.

vi) The valuation of share-based payments:

The grant date fair value of share-based payment awards granted to employees is recognized as a stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is

adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

New Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for annual periods beginning after July 1, 2018, or later periods.

a) *New standard IFRS 15 – "Revenue from Contracts with Customers"*

Cash and cash equivalents, and trade receivables continue to be recorded at FVTPL. Trade and other payables are classified and measured as financial liabilities, initially at FVTPL, and subsequently at amortized cost using the effective interest rate method.

The Company has adopted new accounting standard IFRS 15 *Revenue from Contracts with Customers*, effective for annual periods beginning on or after January 1, 2018 using the cumulative effective basis, with no restatement of the comparative period. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers.

The Company principally generates revenue from the production and sale of residential and commercial wood pellets. The Company has reviewed its sources of revenue from the sale of products using the guidance found in IFRS 15 and determined that there are no material changes to the timing and measurement of the Company's revenue from these sources as compared to the previous standards.

b) *New standard IFRS 16 - "Leases"*

On July 1, 2019, the Company adopted IFRS 16 – Leases ("IFRS 16") which replaced IAS 17 – Leases and IFRIC 4 – Determining Whether an Arrangement Contains a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applied in IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less), leases with certain variable lease payments and leases of low-value assets.

The Company applied IFRS 16 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease liabilities related to its lease commitments for its office leases. The lease liabilities will be measured at the present value of the remaining lease payments, discounted using the Company's estimated incremental borrowing rate, resulting in no adjustment to the opening balance of deficit. The associated right-of-use assets will be measured at the lease liabilities amount. The Company has implemented the following accounting policies permitted under the new standard:

Financial Instruments and Risk Management

The Company is exposed in varying degrees to a variety of financial instrument and related risks. Those risks and management's approach to mitigating those risks are as follows:

(a) Fair Values

The Company's financial instruments consist of cash accounts receivable, accounts payable and accrued liabilities, loans payable, lease obligation, convertible debentures and amounts payable to related parties. Cash and cash equivalents are classified as amortized cost and are carried at their amortized costs. Accounts payable and accrued liabilities and amounts payable to related parties are classified as other financial liabilities and are carried at their amortized cost. The carrying value of the Company's financial assets and liabilities approximates their fair value due to the relatively short periods to maturity of these investments. Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates. Financial instruments measured at fair value are classified into one of the

three levels in the fair value hierarchy according to the relative reliability of the inputs used 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.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is in its cash and accounts receivables. Cash is held with major banks in Canada, which are high credit quality financial institutions as determined by rating agencies. The carrying amount of financial assets represents the maximum credit exposure.

Amounts receivable consist of trade receivables and input tax credits. The following table represents the customers that represented 10% or more of total trade receivables as of:

	March 31, 2020	June 30, 2019
Customer A	-	23%
Customer B	-	22%
Customer C	-	1%

The following table represents the customers that represented 10% or more of total revenue for the period ended March 31:

	2020	2019
Customer A	47%	45%
Customer B	16%	17%
Customer C	14%	-

(c) Currency Risk

The Company's functional currencies are the Canadian dollar and Polish zloty. Currency risk is the risk that the fair value of the Company's financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's head office and some operating expenses are denominated in Canadian dollars. The Company's revenue and a large portion of operating expenses are denominated in Polish zloty. If the Polish zloty depreciates compared to the Canadian dollar, revenue would decrease in Canadian dollars. A 10% change in the foreign currency exchange rate would have an approximate impact of $nil on net loss for period ended March 31, 2020 (2019 - $41,000). The Company manages its exposure to foreign currency fluctuations by maintaining foreign currency bank accounts to offset foreign currency payables where possible. Management relies on the natural hedge created by this matching process and thus has chosen not to otherwise hedge its foreign exchange risk.

(d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates and its short-term term deposits at prescribed market rates. The fair value of the Company's cash is not significantly affected by changes in short-term interest rates. The interest expenses accrued for loans payable is subject to movement in interest rates. Interest rate risk is assessed as low.

(e) Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. At June 30, 2019, the Company's cash balance of $6,174 is unable to settle current liabilities of $2,065,098. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. Accounts payable, loans payable and accrued liabilities and amounts payable to related parties are all current. As the Company has limited sources of revenue, it may require additional financing to accomplish its long-term strategic objectives. Liquidity risk is assessed as high.

Outstanding Share Data

As at March 31, 2020 and the date of this report, the Company had no preferred shares issued and outstanding.

As at March 31, 2020 and the date of this report, the Company had 100,580,327 common shares issued and outstanding.

As at March 31, 2020 and the date of this report, the Company had 7,815,000 stock options and 4,257,380 warrants exercisable and outstanding.

Risk and uncertainties

COVID-19

Subsequent to current period, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

The Company does not intend to pay dividends for the foreseeable future.

The Company has never declared or paid any cash dividends on the Company's common shares and does not intend to pay any cash dividends in the foreseeable future. The Company anticipates that it will retain all of its future earnings for use in the development of its business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of the Company's board of directors. In addition, from time to time the Company may enter into agreements that restrict its ability to pay dividends.

The price of the Company's common shares may be volatile.

The trading price of the Company's common shares has been and may continue to be subject to material fluctuations and may increase or decrease in response to a number of events and factors, including: - changes in the market price of hospitality management systems and number of market competitors offering same or similar products; - current events affecting the economic situation and exchange rates in Canada, the United States, and internationally; - changes in financial estimates and recommendations by securities analysts; - acquisitions and financings; - quarterly variations in operating results; - the operating and share price performance of other companies that investors may deem comparable; - the issuance of additional equity securities by the Company or the perception that such issuance may occur; and - purchases or sales of blocks of the Company's common shares. Part of this volatility may also be attributable to the current state of the stock market, in which wide price swings are common. This volatility may adversely affect the price of the Company's common shares regardless of the Company's operating performance and could cause the market price of the Company's common shares to decline.

The Company may issue additional equity securities which may reduce the Company's earnings per share.

The Company has in the past issued and may continue to issue equity securities to finance its activities, including in order to finance working capital requirements, capital expenditures and acquisitions. If the Company issues additional common shares, your percentage ownership of the Company will decrease, and you may experience dilution in the Company's earnings per share. Moreover, as the Company's intention to issue any additional equity securities becomes publicly known, the common share price may be materially and adversely affected.

Holders of the Company's common shares may experience dilution when outstanding options and warrants are exercised, or as a result of additional securities offerings.

There are a number of outstanding options and warrants pursuant to which additional common shares of the Company may be issued in the future. Exercise of such options and warrants may result in dilution to the Company shareholders. In addition, if the Company raises additional funds through the sale of equity securities, shareholders may have their investment further diluted.

Disclosure controls and procedures

Current securities policies in Canada require that management of the Company assess the effectiveness of the Company's disclosure controls and procedures at period ends. Management has concluded that the disclosure controls as at June 30, 2019 were effective in ensuring that all material information required to be filed had been effected in a timely manner, and that the information was recorded, processed and reported within the time period necessary to prepare the filings.

The Company continues to review and assess its internal control over financial reporting. There were no significant changes made to internal controls over financial reporting during the year ended June 30, 2019.