Management Discussion and Analysis

For the Three Months Ended August 31, 2020
Prepared as of October 1, 2020

General

The following is a discussion and analysis of the operations, results, and financial position of Dimension Five Technologies Inc. (the "Company") for the three months ended August 31, 2020, and should be read in conjunction with the financial statements for the three months ended August 31, 2020, all of which are prepared in Canadian dollars and in accordance with International Financial Reporting Standards ("IFRS").

Forward-Looking Statements

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The Company's actual results may differ significantly from those anticipated in the forward-looking statements and readers are cautioned not to place undue reliance on these forward-looking statements. Except as required by law, the Company undertakes no obligation to release the results of any revisions to forward-looking statements that may be made to reflect events or circumstances after the date of this MD&A or to reflect the occurrence of unanticipated events. Forward-looking statements include, but are not limited to, statements with respect to future price levels, success of technology development, success of marketing and product adoption, development time lines, currency fluctuations, requirements for additional capital, unanticipated expenses, trademark or patent disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to the integration of acquisitions; future price levels; accidents, labor disputes and other risks of the technology industry; delays in obtaining approvals or financing. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in 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 forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Company Overview

Dimension Five Technologies Inc. (the "Company") was incorporated in the Province of British Columbia on January 10, 2018, under the Business Corporations Act of British Columbia. On February 12, 2019, the Company's shares commenced trading on the Canadian Securities Exchange ("CSE") under the symbol "DFT." In accordance with the rules and policies of the CSE, trading in the Company's shares was halted and will remain halted until either the proposed Aduro Energy Inc. ("Aduro") acquisition is completed or the letter of intent is terminated.

The Company's primary business was the development and monetization of its online software application Investorbase ("the App"). The App is currently inactive and due to the uncertainty of any recovery the Company recorded an impairment loss on the App of $300,000 (a value equal to 100% of the asset) at November 30, 2019. On July 13, 2020, the Company entered into a binding letter of intent with Aduro Energy Inc. If the proposed Acquisition closes, the Company's principal business will be the business of Aduro (for additional details see section titled "Proposed Transaction").

The head office and principal address are located at Suite 1450, 789 West Pender Street, Vancouver, BC, Canada V6C 1H2 and the registered and records office of the Company is located at 885 West Georgia Street, Suite 900, Vancouver, BC, Canada V6C 3H1.

Quarter 1 2021 Highlights

During the three months ended August 31, 2020 the Company entered into a binding letter of intent with Aduro Energy Inc. and received subscriptions of $227,222 related to the private placement. See the Proposed Transaction and Subsequent to August 31, 2020 sections below for additional details.

Proposed Transaction

On July 13, 2020, the Company entered into a binding letter of intent (the "LOI") with Aduro Energy Inc. ("Aduro") for the purpose of setting out the essential terms and conditions of the proposed acquisition (the "Acquisition") by the Company of 100% of the issued and outstanding shares of Aduro, including shares issuable upon exercise of Aduro warrants. The Acquisition is to be a share exchange or three-cornered amalgamation pursuant to which the Company will purchase the Aduro shares from the Aduro shareholders in exchange for an aggregate 40 million shares of the Company and a portion of 80 million special warrants. The closing date of the Acquisition is the date designated by the Company, Aduro and Aduro's principal shareholder, which is within three business days after receipt of conditional acceptance from the CSE for the Acquisition, or such other date as the parties may agree to in writing. Immediately following completion of the Acquisition, the Company will become the Resulting Issuer (the "RI"), its name will be changed to Aduro Energy Inc. and the RI will adopt Aduro's business. Pursuant to the LOI:

- The parties will negotiate a definitive agreement by taking the following steps:
  - The Company will apply to the CSE for consent (*received on July 29, 2020)* to complete the Acquisition and to issue a $150,000 loan to Aduro;
  - Subject to CSE approval, and within 30 days of the execution of the LOI, the Company will lend $150,000 (*$111,300 advanced to date*) to Aduro to fund its working capital requirements until closing. The loan will bear interest at 6% per annum, be secured by a general security agreement (the "GSA") registered on all of Aduro's assets and have a maturity date of the earlier of one year from the date of advance or six months following the termination of the LOI. Aduro's assets will be released for the GSA upon the achievement of the First Milestone (the "FM") (1);
  - The Company will raise a minimum of $500,000 by completing a private placement financing as soon as reasonably practicable, by issuing common shares of the Company at an offering price of $0.05 per share or such other price as the CSE may require; and
  - Immediately prior to closing, Aduro will ensure that all options, warrants and any other rights to acquire Aduro shares, other than the convertible notes are converted or exercised.
- The purchase price is comprised of 40 million common shares of the Company (the "D5 Shares") and the rights of the existing Aduro shareholders and note holders to receive their pro-rata portion of up to an additional 80 million RI shares (the "Special Rights") represented by special warrants issued at closing which automatically convert into an aggregate of up to 80 million RI shares upon achievement of the FM and the Second Milestone (the "SM") (2);.
- On closing, all holders of Aduro convertible notes will have agreed to amend the terms of their notes so that they will automatically convert into special warrants on the achievement of the FM;

- On closing, all of the special warrants will be held in trust until distributed upon achievement of the FM;
- On closing, all Aduro shares that are issued and outstanding will be exchanged for 40 million D5 Shares plus a proportionate interest in the special warrants;
- At closing, Aduro's principal shareholder and three Aduro nominees will be appointed to the RI's five-person board of directors and Aduro's principal shareholder will be appointed as the RI's Chief Executive Officer. On the achievement of the SM, the Company will have the right to nominate a second member to the board of directors;
- At closing, the RI will grant a total of 10 million stock options to directors, officers and consultants of the Company. These options are valid for three years and will vest and become exercisable as follows:

    - one-third on closing at an exercise price of $0.10 per share;
    - one-third on closing of the first financing of at least $2.5 million at an exercise price equal to the share or unit price of the financing; and
    - one-third on closing of the first financing of at least $4.5 million at an exercise price equal to the share or unit price of the financing.
- On achievement of each of the milestones, the RI will issue an additional 40 million RI shares to the holders of special warrants upon their conversion on a pro-rata basis in satisfaction of the Residual Rights.

The Acquisition is contingent on the satisfaction of a number of regulatory requirements including:

- Acceptance of the CSE and the CSE accepting the Acquisition as a reverse takeover in accordance with its rules and policies;
- The preparation and filling with the CSE of a listing statement or information circular;
- Approval of the Company's shareholders if required by the CSE; and
- The filling of financial information with the CSE that complies with the requirements of both the CSE and the B.C. Securities Commissions applicable to reverse takeovers.

Unless otherwise agreed to in writing by the Company, Aduro, Aduro's principal shareholder and the Aduro security holders, the LOI will terminate without further notice or agreement in the event that:

- The Acquisition is rejected by the CSE;
- The $150,000 loan has not been advanced to Aduro in full on or before the 30th day following the execution of the LOI;
- The failure of the Company to complete the $500,000 private placement financing on or before September 21, 2020;
- The effective date of the Acquisition has not occurred on or before December 31, 2020 or such other later date as may be approved in writing by the Company, Aduro's principal shareholder and Aduro;
- Upon written notice delivered either by the Company or Aduro stating that it is not prepared to complete the Acquisition as a result of its due diligence review; and
- Upon written notice of termination by a party due to a breach of the terms of the LOI and provided that such breach has not been cured within 30 days of such notice being received.

(1) First Milestone means within two years of closing, the operation of a show room unit to successfully obtain product by application of technology (all as defined) and the validation of same by an independent third party agreed upon by the Company and Aduro.
(2) Second Milestone means any one or more of (i) a completed financial transaction with an institution, (ii) product produced by a manufacturing plant owned in part by Aduro, (iii) a third party entering into a license agreement with Aduro, (iv) a third party equity investment in the RI, (v) the RI's market capitalization exceeding a threshold, (vi) the RI having completed a public offering or private placement and (vii) a third party entering into an agreement to acquire all of the RI's issued and outstanding shares (all as defined) within four years of closing.

Subsequent to August 31, 2020

<u>Private Placement</u>
On September 2, 2020 the Company completed a non-brokered private placement (the "Private Placement"), pursuant to which it has issued an aggregate of 10,044,440 shares (each, a "Share") at a price of $0.05 per Share for gross proceeds of $502,222.

The Company paid cash finder's fees of $2,700 and issued 54,000 share purchase warrants (the "Finder's Warrants") to one finder in connection with the Private Placement. Each Finder's Warrant is exercisable into one Share at a price of $0.07 per Share for a period of two years from the date of issuance.

Certain insiders of the Company subscribed for a total of 2,100,000 Shares under the Private Placement. The securities issued under the Private Placement, are subject to a statutory hold period expiring four months and one day from the date of closing.

The Company intends to use the proceeds from the Private Placement for working capital and to complete the business combination with Aduro Energy Inc., with which the Company has signed a Letter of Intent. There is no assurance that the business combination will close, and there are a substantial number of conditions precedent before closing occurs, including execution of a definitive agreement, receipt of Aduro audited financial statements, D5 shareholder approval and CSE regulatory approval, among others.

Selected Annual Information

The following is a summary of the financial data of the Company for the fiscal years ended May 31, 2020 and 2019 and the period from incorporation on January 10, 2018 to May 31, 2018. The following information is derived from the audited financial statements of the Company:

	For the year ended May 31, 2020 $	For the year ended May 31, 2019 $	For the period from incorporation on January 10, 2018 to May 31, 2018 $
Total revenues	80,000	110,000	-
Net loss and comprehensive loss	(510,514)	(244,919)	(18,339)
Net loss per share and diluted share	(0.02)	(0.01)	(18,339)
Total assets	132,036	621,868	304,562
Long term debt	Nil	Nil	Nil
Cash dividend declared per share	Nil	Nil	Nil

The Company has recorded losses in each of its three most recent fiscal years and expects to continue to record losses until such time as an economic business acquisition has been completed and profits generated. The increased net loss and comprehensive loss in 2020 was due to a $300,000 impairment charge recorded on the App - the Company's intangible asset.

Results of Operations for the three months ended August 31, 2020 and 2019

Revenues

The Company recorded total revenue of $18 (2019: $31,147) in the period. The revenue consisted of license fees of $nil (2019: $30,000), and interest and other income of $18 (2019: $1,147) in the period.

License fee revenue was related to the License Agreement with Zimtu. The license agreement was terminated on January 31, 2020 which resulted in no license fee revenue in the period and none expected in the foreseeable future.

Expenses

Expenses in the period: App maintenance expenses of $nil (2019: $28,941) and general and administrative expenses of $43,991 (2019: $78,245). App maintenance expenses consist of stock market exchange data fees of $nil (2019: $28,461) and website hosting fees of $nil (2019: $480). As the App has been inactive since before the three months ended August 31, 2020 no related expenses were incurred in the period.

The Company incurred the following general and administrative expenses in the period:

	For the three months ended August 31, 2020 $	For the three months ended August 31, 2019 $
Advertising and promotion	**2,452**	688
Filing fees and transfer agent expenses	**6,004**	5,372
Office, rent and general	**354**	20,577
Professional services (Note 9)	**16,000**	32,181
Salaries and benefits (Note 9)	**19,181**	19,427
	43,991	78,245

The overall operating expenses of the Company decreased when compared to the same period in the prior year, as follows:

- Advertising and promotion expenses (2020: $2,452, 2019: $688) slightly increased as the Company engaged in additional news releases.
- Filing fees, transfer agent expenses and other listing expenses (2020: $6,004 2019: $5,372) were fairly consistent with the same period in the prior year.
- Office and general expenses (2020: $354, 2019: $20,577) decreased due to the termination of the Management Services Agreement with Zimtu on January 1, 2020. The agreement included services for rent, management and other services.
- Professional services expenses (2020: $16,000, 2019: $32,181) decreased as the Company recorded higher legal fee expenses in 2019. In the three months ended August 31, 2020 legal fees were mainly related to the Acquisition and therefore not expensed and instead capitalized and recorded as deferred acquisition costs.
- Salaries and benefits expenses (2020: $19,181, 2019: $19,427) which relate to the CEO's wages were consistent with the prior year.

Summary of Quarterly Results

The following table presents selected audited and unaudited financial information from the most recent eight financial quarters:

	August 31, 2020 $	**May 31, 2020 $**	**February 29, 2020 $**	**November 30, 2019 $**
Revenue	-	-	20,000	30,000
Expenses	43,991	33,461	102,956	76,104
Impairment of intangible asset	-	-	-	(300,000)
Net loss	(43,973)	(32,598)	(56,474)	(345,403)
Total assets	348,916	132,036	143,570	219,956
Working Capital	263,305	80,056	112,653	169,127
Total liabilities	85,611	51,980	30,917	50,829
Equity	263,305	80,056	112,653	169,127

	August 31, 2019 $	**May 31, 2019 $**	**February 28, 2019 $**	**November 30, 2018 $**
Revenue	30,000	9,694	50,306	30,000
Expenses	107,186	89,727	95,987	110,303
Net loss	(76,039)	(78,701)	(45,480)	(80,303)
Total assets	570,867	621,868	717,603	744,889

Working Capital	214,531	290,570	348,966	414,751
Total liabilities	56,336	31,298	48,331	30,138
Equity	514,531	590,570	669,272	714,751

The quarterly fluctuations shown above were generally related to legal and audit fees related to potential acquisitions and auditing of the annual financial statements. Liabilities increased in recent quarters due to the CEO and CFO deferring a portion of their wages / fees since October 2019. In recent quarters no App license fee revenue or App maintenance expenses have been received/incurred due to the termination of the App licensing agreement on January 31, 2020. The Company reported an impairment charge of $300,000 on the App in the quarter ended November 30, 2019 which resulted in an increased net loss and decrease of total assets.

Liquidity and Capital Resources

Total assets of the Company as at August 31, 2020 were $348,916 compared to $132,036 for the year ended May 31, 2020. The primary assets are cash of $157,794 (May 31, 2020: $93,861), guaranteed investment certificates ("GIC") of $29,000 (May 31, 2020: $28,750) and loans receivable pursuant to the LOI of $111,300 (May 31, 2020: $nil). The Company had current liabilities of $85,611 as at August 31, 2020 compared to $51,980 for the year ended May 31, 2020. The Company has no long-term debt.

At August 31, 2020, the Company had a working capital of $263,305 compared to $80,056 for the year ended May 31, 2020. Working capital includes cash of $157,794 (May 31, 2020: $93,861) available to meet current liabilities of $85,611 (May 31, 2020: $51,980) and other short term business requirements. The Company's accounts payable and accrued liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Cash used in operating activities during the three months ended August 31, 2020 was $51,739 compared to $46,309 of cash used in operating activities during the three months ended August 31, 2019. Cash was mostly spent on filing fees and transfer agent expenses, professional fees and salaries and benefits and adjusted for items not involving cash.

Cash used in investing activities during the three months ended August 31, 2020 was $111,550 compared to cash provided by investing activities of $50,000 during the three months ended August 31, 2019. Cash was used mainly to loan Aduro funds pursuant to the LOI.

Cash provided by financing activities during the three months ended August 31, 2020 was $227,222 compared to $nil during the three months ended August 31, 2019. The $227,222 was related to the private placement which closed subsequent to the year end as stated in the section above titled Subsequent to August 31, 2020.

During the period ended August 31, 2020 the Company raised $227,222 (August 31, 2019: $nil) for shares issued upon closing of the private place which occurred subsequent to the period end; as stated in the section above titled Subsequent to August 31, 2020.

The Company has financed its operations to date primarily through the issuance of common shares and App license revenue. The Company ceased earning App license revenue at January 31, 2020 and must generate additional capital for future operations. The Company will seek capital through various means including the issuance of equity and/or debt.

In management's view, the Company's financial success will be dependent upon closing of the Acquisition or finding new business opportunities and obtaining capital through the issuance of equity and/or debt which may take longer than expected.

Off balance sheet arrangements

At August 31, 2020 the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have an effect on the results of operations or financial condition of the Company.

Related Party Transactions

During the three months ended August 31, 2020 compensation of related parties was as follows:

Key management and related party compensation	**For the three months ended August 31, 2020 $**	For the three months ended August 31, 2019 $
Remuneration and fees	**6,000**	6,000
Salaries and benefits	**18,000**	18,000
	24,000	24,000

During the three months ended August 31, 2020, the Company incurred professional fees of $6,000 (August 31, 2019: $6,000) to a company controlled by the CFO of the Company. As at August 31, 2020, the Company owed $11,550 (May 31, 2020: $8,400) to the company. The amount due is unsecured, non-interest bearing, due on demand and to be settled in cash.

During the three months ended August 31, 2020 the Company incurred wages and benefits to the Company's CEO of $18,000 (August 31, 2020: $18,000). As at August 31, 2020, the Company owed $33,000 (May 31, 2020: $24,000) to the CEO of the Company related to wages payable. The amount due is unsecured, non-interest bearing, due on demand and to be settled in cash.

Other MD&A Requirements

Disclosure of Outstanding Share Capital

The Company has an authorized share capital of:

i. Unlimited common shares without par value
ii. Unlimited preferred shares without par value

The following table describes the issued and outstanding share capital of the Company:

	October 1, 2020	**August 31, 2020**	**May 31, 2020**	**May 31, 2019**
Common Shares	33,122,441	23,078,001	23,078,001	23,078,001
Preferred Shares	-	-	-	-
Stock Options	400,000	400,000	400,000	400,000
Fully Diluted Shares	33,522,441	23,478,001	23,478,001	23,478,001

As at August 31, 2020, 6,435,002 (August 31, 2019: 10,725,002) common shares were being held in escrow. The shares remaining in escrow will be released in instalments of 2,145,000 every six months until February 12, 2022.

For additional details of outstanding share capital, refer to the financial statements for the period ended August 31, 2020.

Risk Factors

Liquidity Concerns and Future Financing Requirements: The Company is in the development phase and has not generated any revenue. It will likely operate at a loss until its business becomes established and may require additional financing to fund future operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to it. If additional financing is raised by issuing Shares from treasury, control of the Company may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

Limited Operating History and No Assurance of Profitability: The Company is a start-up business with a limited operating history and no established brand recognition. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risks that it will not establish a market for its services, achieve its growth objectives or become profitable. The Company anticipates that it may take several years to achieve positive cash flow from operations. There can be no assurance that there will be demand for the Company's services or that the Company will become profitable.

Need for funds: In the short term, the continued operation of the Company will be dependent upon its ability to procure additional financing. The Company must obtain such financing through equity financing and there can be no assurance that the Company can raise the required capital it needs to build and expand the Company's business. Without this additional financing, the Company may be unable to advance the Company's business model, and the Company will likely fail. There can be no certainty that the Company can obtain these funds, in which case any investment in the Company may be lost. The raising of equity funding will also result in dilution of the equity position held by the Company's shareholders.

Uncertainty of Use of Proceeds: Although the Company has set out its intended use of available funds in this Prospectus, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds. See "Use of Proceeds".

Operational Risks: The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Technology Risk: The Company's products and services are dependent upon advanced technologies which are susceptible to rapid technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company's services are currently under development and there can be no assurance that these development efforts will result in a viable service as conceived by the Company or at all.

Unforeseen Competition: There can be no assurance that significant competition will not enter the market and offer any number of similar services to those provided by the Company. Such competition could have a significant adverse effect on the growth potential of the Company's business by effectively dividing the existing market for such products and services.

Dependence on Personnel: The Company's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable to unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

Management of Growth: The Company may experience a period of significant growth that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Data Security Risks: The Company will utilize servers with significant amounts of data stored thereon at the company's physical office and stored on the cloud, on the internet through third party companies. Should the Company be responsible for the loss of any or all the data stored by it, the liability could materially undermine the financial stability of the Company. Also, much of the data stored at the Company's premises or within the servers will be confidential. Anyone who can circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations.

Volatility of Share Price: It is anticipated that the Shares will be listed for trading on the Exchange in the near future. As such, factors such as announcements of quarterly variations in operating results, revenues, costs and market conditions in the digital advertising industry may have a significant impact on the market price of the shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the technology and marketing sectors. There can be no assurance that an active or liquid market will develop or be sustained for the Shares.

Dividends: The Company has not paid dividends to shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings to finance growth.

Officer and Director Conflicts: Because directors and officers of the Company and/or the Company are or may become directors or officers of other reporting companies or have significant shareholdings in other technology companies, the directors and officers of the Company may have a conflict of interest in conducting their duties. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company.

If we are unable to protect our intellectual property rights, our competitive position could be harmed or we could be required to incur significant expenses to enforce our rights: Our ability to protect our intellectual property affects the success of our business. We rely on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. The steps we have taken to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights, and our ability to police such misappropriation or infringement is uncertain. The intellectual property rights granted to us, if any, may not provide us with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies to our own now or in the future. In addition, we rely on contractual and license agreements with third parties in connection with their use of our products and technology. There is no guarantee that such parties will abide by the terms of such agreements or that we will be able to adequately enforce our rights.

Claims by others that we or our customers infringe the proprietary technology of such other persons could force us to pay damages or prevent us from using certain technology in our products: Third parties could claim that our products or technology infringe their proprietary rights. Any claim of infringement by a third party, even one without merit, could cause us to incur substantial costs defending against the claim, and could distract our management from our business. Furthermore, a party making such a claim, if successful, could secure a judgment that requires us to pay substantial damages. A judgment could also include an injunction or other court order that could prevent us from offering our products. In addition, we might be required to seek a license for the use of such intellectual property, which may not be available on commercially reasonable terms or at all. Alternatively, we may be required to develop non-infringing technology, which could require significant effort and expense and may ultimately not be successful.

Changes in Accounting Policies

There have been no changes in the accounting policies.

Future Accounting Standards, Amendments, and Interpretations Not Yet Effective

For details of the Company's Future Accounting Standards, including accounting standards not yet adopted, new accounting standards adopted, and accounting standards amended but not yet effective, please refer to Note 3 of the Company's financial statements for the three and three months ended August 31, 2020.

Financial Instruments and Capital Disclosures

As at August 31, 2020, the Company's financial instruments consist of cash and cash equivalents, GIC investment, accounts and loan receivable, accounts payable and accrued liabilities. The carrying value of these financial instruments approximate their fair values. The use of financial instruments can expose the Company to several risks, including interest rate, credit, currency, and market risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value - The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

b) Interest rate risk - The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The GIC included in investment bear interest at a fixed rate, and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The sensitivity of the Company to a variation of 1% in the interest rate would not have a significant impact. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

c) Credit risk - The Company is not exposed to significant credit risk on its cash and cash equivalents and investments due to its cash and cash equivalents are placed with major financial institutions and investments are placed with a Canadian chartered bank. Management believes that the credit risk with respect to advances and amounts receivables is remote. One customer accounted for 100% of the Company's licensing revenue.

d) Currency risk - The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

f) Market risk - Market risk is the risk that the fair value of or future cash flows from the Company's financial instruments will significantly fluctuate because of changes in market prices. The Company is not exposed to significant market risk as the financial instruments consists mainly of cash and a GIC held at a major Canadian chartered bank.

g) Capital management - The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Company may raise additional capital for additional cash required. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to identify and acquire new investment or business opportunities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the periods ended August 31, 2020 and May 31, 2019. The Company is not subject to externally imposed capital requirements.

Approval

The Board of Directors of Dimension Five Technologies Inc. has approved the disclosure contained in this MD&A.