

PONDEROUS PANDA CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED
DECEMBER 31, 2018

Introduction

The following Management's Discussion and Analysis ("MD&A") is dated April 30, 2019 and should be read in conjunction with the audited financial statements of Ponderous Panda Capital Corp. ("Ponderous Panda" or the "Company") for the year ended December 31, 2018, Ponderous Panda prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Ponderous Panda common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from www.sedar.com.

Cautionary Note Regarding Forward-Looking Information

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward looking statements involve a number of 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 such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

Description of Business

The Company was incorporated by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 22, 2017. The Company completed an initial public offering ("IPO") of its common shares on April 27, 2018, and on May 2, 2018, the Company began trading its shares on the TSX Venture Exchange ("TSX-V"). The Company is classified as a Capital Pool Company ("CPC"), as defined in the Exchange Policy 2.4.

The principal business of the Company is the identification and evaluation of material assets or businesses with a view to completing a transaction where the Company acquires significant assets, other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means

The Company's head office and registered records office address is Suite 2300, 1066 West Hastings Street, Vancouver, British Columbia, Canada.

The Company has not commenced commercial operations and has no assets other than cash and pre paid expenses.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory and other approvals. The financial statements do not include any adjustments to assets or liabilities should the Company be unable to continue in existence as a going concern.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company, unless otherwise noted.

OVERALL PERFORMANCE

Performance Highlights

	Year Ended December 31, 2018	Year Ended December 31, 2017
Net loss	\$ 204,631	\$ 427
Net loss per share – basic and diluted	0.15	0.00
Cash used in operations	116,014	196
Total assets	\$ 549,192	\$ 104,804

The net loss for the year ended December 31, 2018 was \$204,631 compared to \$427 for the period from incorporation on March 22, 2017 to December 31, 2017. The increase in the net loss is attributed to the increase in legal, audit and regulatory fees in connection with the Company's IPO and the subsequent work on the Proposed Transaction, and other professional fees. Concurrent with the IPO, the Company incurred \$71,000 in share based compensation expense by way of issuance of 306,500 stock options to directors and officers of the Company. In addition, the Company incurs monthly rent fees associated with office space. The Company was almost entirely inactive in the period from incorporation on March 22, 2017 to December 31, 2017 as it had not commenced work on its IPO.

Cash used in operations for the year ended December 31, 2018 increased to \$116,014 from \$196 for the period from incorporation on March 22, 2017 to December 31, 2017. The increase in the cash used in operations is the result of the timing of payments for general and administrative expenses and legal fees.

At December 31, 2018, the Company had total assets of \$549,192 compared to \$104,804 at December 31, 2017. The increase is attributable to the increase in cash as a result of share issuances.

RESULTS OF OPERATIONS

	Year ended December 31, 2018 \$	Period From Incorporation on March 22, 2017 to December 31, 2017 \$
Professional Fees	87,224	-
Regulatory fees	12,034	-
Filing Fees	33,726	-

Professional fees for the year ended December 31, 2018, were \$87,224 compared to \$nil for the period from incorporation on March 22, 2017 to December 31, 2017. The increase is the result of legal fees incurred in connection with the preparation of the Company's preliminary and final prospectus, the closing of its IPO, the initial work on the Company's Proposed Transaction and additional audit fees related to financial reporting requirements for the preliminary and final prospectus and IPO.

Regulatory fees and Filing Fees for the year ended December 31, 2018 were \$12,034 and \$33,726 respectively compared to \$nil for the period from incorporation on March 22, 2017 to December 31, 2017. The increase is the result of fees incurred in connection with filing the preliminary prospectus and final prospectus in relation to the Company's IPO and the initial filing costs associated with the Company's proposed transaction.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company utilizes existing cash and the issuance of equity instruments to provide liquidity to the Company. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

The following table shows how the activities of the Company were financed:

	Year ended December 31, 2018	Period From Incorporation on March 22, 2017 to December 31, 2017
Cash on hand, beginning of period	\$ 89,804	\$ -
Cash flows from operations:		
Net cash by operating activities	(116,014)	(196)
Net Cash flows from financing	575,300	90,000
Cash flows from investing	-	-
Cash on hand, end of period	\$ 549,090	\$ 89,804

For the year ended December 31, 2018, the Company incurred net loss of cash by operating activities of \$116,014 that was a combination of professional, regulatory, filing and rent fees.

Cash flows from financing arose from the net proceeds on issuance of share capital of \$575,300 for the year ended December 31, 2018.

The following table shows the share capital of the Company:

	December 31, 2018	December 31, 2017
Share capital	\$ 640,300	\$ 105,000
Reserves	\$ 96,000	\$ -
Deficit	\$ (205,058)	\$ (427)
Net capital	\$ 531,242	\$ 104,573

The increase in share capital in the year is primarily the result of the issuance of equity instruments resulting from the issuance of common shares in the Company's seed round and IPO.

Working Capital

Working capital increased to \$531,242 at December 31, 2018 from a working capital of \$104,573 at December 31, 2017. This was attributed to an increase to \$549,192 in current assets partially offset by an increase to \$17,950 in current liabilities.

Cash increased from \$89,804 at December 31, 2017 to \$549,090 at December 31, 2018 resulting from the issuance of common shares.

The increase in current liabilities is due to increased audit fees and legal fees.

Contractual Obligations

There are no significant contractual obligations.

Proposed Transactions

On May 31, 2018 the Company and Trait Biosciences Inc. ("Trait") entered into an Agreement in Principle (the "Agreement") whereby the Company and Trait agreed to complete a business combination that would constitute the Company's Qualifying Transaction under the policies of the Exchange (the "Proposed Transaction"). The Company and Trait agreed to mutually terminate the Proposed Transaction on January 25, 2019.

SELECTED QUARTERLY FINANCIAL INFORMATION

Financial Quarter Ended (Unaudited)

	Dec. 31, 2018	Sept. 30, 2018	June 30, 2018	Mar 31, 2018
Revenue	\$ -	\$ -	\$ -	\$ -
Net Loss	\$ 38,938	\$ 26,526	\$ 87,290	\$ 51,877
Basic and diluted loss per share	\$ (0.03)	\$ (0.01)	\$ (0.05)	\$ (0.06)
Total assets	\$ 549,192	\$ 552,694	\$ 569,506	\$ 118,156

	Dec 31, 2017	Sept. 30, 2017	June. 30, 2017	Mar 31, 2017
Revenue	\$ -	\$ -	\$ -	\$ -
Net loss	\$ 427	\$ -	\$ -	\$ -
Basic and diluted loss per share	\$ (0.00)	\$ -	\$ -	\$ -
Total assets	\$ 104,804	\$ -	\$ -	\$ -

For the quarter ended December 31, 2018 the Company was minimally active as the Proposed Transaction stalled. The Company only incurred fees associated with rent and some minimal legal fees and transfer agent fees.

For the quarter ended September 30, 2018 the Company incurred costs associated with rent and legal fees, in connection with the preparation of the initial stages of its Proposed Transaction.

For the quarter ended June 30, 2018 the Company incurred costs associated with rent, legal fees, audit fees and regulatory fees in connection with the closing of its IPO as a CPC.

For the quarter ended March 31, 2018 the Company incurred costs associated with rent, legal fees, audit fees and regulatory fees in connection with the preparation of its preliminary and final prospectus for its IPO as a CPC.

For the quarter ended December 31, 2017 the Company was minimally active and only incurred bank charges and rent fees.

The Company was incorporated on March 22, 2017 and was completely inactive until the quarter ended December 31, 2017. As such, the table above only includes quarterly information as available for the quarters ended December 31, 2017 and March 31, 2018.

OFF-BALANCE SHEET ARRANGEMENTS

Ponderous Panda does not have such off-balance sheet arrangements.

Risk Factors

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline and prospective investors may lose part or all of their investment.

No Operating History

The Company was incorporated on March 22, 2017, has not commenced commercial operations, and has no assets other than cash. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future. The Company has only limited funds with which to identify and evaluate potential acquisitions of a material asset or a business and there can be no assurance that the Company will be able to do so. Even if a Proposed Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction.

Possible Trading Suspension or Delisting

Suspension from trading of the common shares may, and delisting of the common shares will, result in the regulatory securities authorities issuing an interim cease trade order against the Company. In addition, delisting of the common shares will result in the cancellation of all of the currently issued and outstanding common shares of the Company held by Insiders. Trading in the common shares of the

Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

Halt of Trading

Upon public announcement of a potential Proposed Transaction, trading in the common shares of the Company will be halted and will remain halted until Completion of the Proposed Transaction, or sooner pursuant to Policy 2.4. Neither the Exchange nor any securities regulatory authority passes upon the merits of the potential Proposed Transaction.

Exchange May Not Approve a Qualifying Transaction

Completion of a Proposed Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval as such terms are defined in Policy 2.4.

Notwithstanding that a transaction may meet the definition of a Proposed Transaction; the Exchange may not approve a Proposed Transaction:

- (a) if the Company fails to meet the initial listing requirements prescribed by Policy 2.1 – Initial Listing Requirements of the Exchange upon Completion of the Proposed Transaction;
- (b) if, following Completion of the Qualifying Transaction, the Company will be a finance company or a mutual fund as defined under applicable securities laws;
- (c) the consideration proposed to be paid by the Company in connection with the Proposed Transaction is not acceptable to the Exchange; or
- (d) for any other reason at the sole discretion of the Exchange.

Approval by the Majority of the Minority

Where Majority of the Minority Approval is required, unless the shareholder has the right to dissent and be paid fair value in accordance with the applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Proposed Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares.

Dilution

If the Company issues treasury shares to finance acquisition or participation opportunities, control of the Company may change and subscribers may suffer dilution of their investment.

Directors and Officers

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company. Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Company may be exposed to liability and its ability to achieve its business objectives may be impaired.

Reliance on Management

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its directors and officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

Foreign Acquisition

In the event the Company identifies a foreign business as a proposed transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

FUTURE ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company does not expect a significant impact from adopting this standard.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

CONTROLS AND PROCEDURES

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or

other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's financial reporting framework. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RELATED PARTY TRANSACTIONS

During the year ended December 31, 2018, the Company incurred professional fees of \$64,817 (period from March 22, 2017 to December 31, 2017 - \$nil) to a law firm controlled by a director and officer of the Company and \$2,100 (March 22, 2017 to December 31, 2017 - \$Nil) of bookkeeping fees for services rendered by a consulting firms owned by the Corporate Secretary. These amounts are included in professional fees on the statement of operations and comprehensive loss in the Company's audited financial statements for the year ended December 31, 2018.

During the year ended September 30, 2018, the Company granted 306,500 stock options to directors and officers of the Company with a fair value of \$71,000 (March 22, 2017 to December 31, 2017 - \$Nil).

As at December 31, 2018, included in accounts payable and accrued liabilities were \$17,950 owing to a related party (December 31, 2017 - \$Nil).

OUTSTANDING SHARE DATA

Common shares

The following table sets forth the Company's outstanding share data:

Total common shares December 31, 2018	3,065,004
Total stock options December 31, 2018	306,500
Total diluted common shares at December 31 2018	3,371,504