

LIONS BAY CAPITAL INC.
SEPTEMBER 27, 2018

MANAGEMENT'S DISCUSSION & ANALYSIS OF FINANCIAL CONDITION & RESULTS FROM OPERATIONS – FOR THE QUARTER AND YEAR ENDED MAY 31, 2018

The following information should be read in conjunction with the financial statements and related notes of Lions Bay Capital Inc. (the "Company" or "Lions Bay") for the year ended May 31, 2018 which has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All reported amounts are stated in Canadian dollars unless otherwise indicated. Additional information relating to the Company is available on the SEDAR website at www.sedar.com by searching under the Company's name.

Forward Looking Financial Statements & Cautionary Factors that may affect Future Results

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the future results of operations, performance and achievements. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe", "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. See "Risks and Uncertainties".

Nature of Operations

The Company was formed as a Capital Pool Company in 2010 and completed its Qualifying Transaction on November 14, 2017 with Pan Andean Capital Pty Limited ("Pan Andean"). Pan Andean was established as an investment holding company and commenced its current business operations in October 2014.

The Company's primary objective is to increase shareholder value through the identification of and investment in securities of primarily publicly listed and/or private corporations offering capital appreciation potential. Investments will be acquired and held for short-term gains or long-term capital appreciation, dependent upon the specific investment.

Business Strategy

The Company's focus is on strategic stakes in companies in the resource, energy and resource related technology sectors.

Lions Bay has a current portfolio of investments that cover energy, water and resources, including Electric Vehicle (EV) and battery material exposure in Cobalt, Nickel and Tin.

The investment portfolio comprises public trading shares in Kalina Power Limited (energy), Jervois Mining Limited (battery resources), Verdant Minerals Limited (resources), all listed on the Australian Securities Exchange. Further investments comprise public trading shares on the TSX-V, namely, Golden Reign Resources (gold), Montan Mining (gold) and Eurotin Limited (EV, Tin).

The Company will focus on investments in growth resources not greenfield exploration and is targeting significant annual returns from management of its portfolio. This will be achieved in the following manner:

Invest In Quality Management

We recognize that the most important ingredient in building a successful company is management. Less than 10% of junior mining companies are successful. The skills required to find a mineral resource are different from those required to develop it and then a different set of skills are required to operate. Understanding the complexities is vital to success. Lions Bay is not a passive investor and is prepared to intervene if necessary to ensure appropriate management is in place with a plan that it can execute.

Identify New and Disruptive Technologies

We are in a rapidly changing world with new technologies having profound impacts on metal and energy trends. The electric car is here and fossil fuels are under pressure. The power grid as we know it is changing and renewables are here. The emphasis on battery metals and light weight stronger alloys has just begun. Lions Bay is active across this space. Its investment in Jervois is focused on this area while our strategic shareholding in Kalina provides access to an experienced team of power industry professionals.

Restructuring Of Undervalued Assets

There are many instances in the resource and related technology areas where companies simply run out of capital and the market has lost faith in the ability of management to deliver. The resource underpinning the company is often proven but the funding and experience is not there to execute. These are ideal situations in which Lions Bay is interested in becoming the cornerstone underwriter for a new business plan.

Funding To Support New Discoveries

Lions Bay is not an exploration company but is alert to trends in the business that will influence commodity prices and hence may turn deposits previously uneconomic into commercial propositions. We are, however, risk averse and will tend to seed opportunities with a view to minimise any exploration risk.

2018 Review

Lions Bay has successfully established itself as a new mining finance investment house and taken cornerstone positions with the potential to deliver solid growth over the next few years. We provide a conduit for investors to participate in seed funding of resource projects and restructuring of moribund companies.

Our investment in Jervois Mining provides a perfect example of this and the benefits that can flow from this. Eighteen months ago Jervois was an underperforming company on the Australian Securities Exchange with less than \$500,000 in the bank. As an activist investor, Lions Bay spearheaded a complete board and management change which has resulted in the company raising over \$15 million and assembling a world class team of leading nickel cobalt professionals. Jervois market capitalisation has moved from \$5.5m in 2017 to \$62 million following the restructuring headed by Lions Bay. We believe Jervois has the potential to be a tier one nickel cobalt producer in the near to medium term.

Elsewhere, we have taken the lead role in the restructuring of a Peruvian gold company; Montan Mining, we are assisting in the creation of a global tin company through ASX listed Elementos Ltd, and we are active in the expansion of Kalina Power into the North American market.

Finally we recently moved to acquire 100 per cent of Consolidated Potash Corporation (subject to Exchange approval) as an interim step to our goal of realising a significant gain on this investment in the current year through the introduction of strategic third party funders and the public listing of Consolidated Potash Corporation. Consolidated Potash Corporation owns proprietary technology with the potential to provide revolutionary process routes for production of minerals including lithium and Potash.

Acquisition of Pan Andean Capital Pty Ltd

On 14 November 2017 the group completed a legal acquisition of Pan Andean Capital Pty Ltd (Pan Andean). This acquisition has been accounted for as a share based payment by which Pan Andean acquired the net assets and listing status of Lions Bay Capital Inc (Lions Bay).

Accordingly, the consolidated financial statements of Lions Bay have been prepared as a continuation of the business and operations of Pan Andean. Pan Andean has accounted for the acquisition of Lions Bay from 14 November 2017. The comparative information in the consolidated financial statements is that of Pan Andean.

The implications of the acquisition by Lions Bay on the financial statements are as follows:

Consolidated Statement of Financial Position

The Statement of Financial Position as at 31 May 2017 represents the consolidation of Pan Andean as the accounting acquirer of Lions Bay.

Consolidated Statements of Profit or Loss and Comprehensive Income

The 2018 Statement of Profit or Loss and Other Comprehensive Income for 12 months comprises of 12 months of Pan Andean being 31 May 2018 and the period of from 14 November 2017 until 31 May 2018 of Lions Bay. The 2017 Statement of Profit or Loss and Other Comprehensive Income comprises the full comparative of Pan Andean only.

Consolidated Statement of Changes in Equity

The May 2018 Statement of Changes in Equity comprises:

- The equity balance of Pan Andean at the beginning of the period (31 May 2017)
- The total comprehensive income for the period and transactions with equity holders, being 12 months from Pan Andean to 31 May 2018 and period from 14 November 2017 until 31 May 2018 of Lions Bay.
- The equity balance of the consolidated group comprising Pan Andean and Lions Bay at the end of 31 May 2018.
- The 2017 Statement of Changes in Equity comprises the period for Pan Andean for the 12 months to 31 May 2017.

Statement of Cash Flows

The 2018 Statement of Cash Flows comprises:

- The cash balance of Pan Andean at the beginning of the period (31 May 2017)
- The transactions for the period for 12 months of Pan Andean to 31 May 2018 and period from 14 November 2017 until 31 May 2018 of Lions Bay.
- The cash balance of the consolidated entity comprising of Pan Andean and Lions Bay at the end on 31 May 2018.
- The 2017 Statement of Cash Flows comprises 12 months of Pan Andean to 31 May 2017.

Going Concern

At the reporting date the consolidated entity had a cash balance of \$57,568 and net current assets of \$4,291,960 including liquid investments amounting to \$5,184,979. At the date of this report, the Directors have considered the above factors and the additional funds required to accomplish its business objectives and are of the opinion that the consolidated entity will be able to continue as a going concern and will be able to pay its debts as and when they fall due.

Results from Operations and Loss for the Quarter and Year Ended May 31, 2018

	Three Months ended		Year ended	
	May 31 2018 \$	May 31 2017 \$	May 31 2018 \$	May 31 2017 \$
NET REALISED AND UNREALISED GAIN/(LOSS)				
Net realized gain/(loss) on disposal of marketable securities	-	-	-	248,424
Net change in unrealized gain/(loss) on marketable securities	(1,568,771)	(922,301)	2,373,603	(327,726)
OTHER INCOME				
Interest and other income	32,140	21,958	87,695	23,547
Expenses				
Professional fees	134,328	24,898	344,466	80,951
Directors Fees	39,500	32	85,109	4,978
Travel expenses	51,237	-	208,537	-
Impairment of derivatives	(52)	-	25,838	-
Listing expenses recognized on acquisition	(355,063)	-	357,227	-
Value of stock options issued	97,691	-	190,000	-
Financing costs	108,314	57,215	194,127	158,354
Reversal of bad debt	(51,093)	-	-	-
Research and development expenses	49,284	-	49,284	-
General and administrative	58,258	-	102,342	-
Total expenses	132,404	82,029	1,556,931	244,283
Profit/(loss) before tax	(1,669,035)	(960,832)	904,367	(300,038)
Income tax credit/(expense)	137,080	120,050	(132,761)	94,184
Profit/(loss) after tax	(1,531,955)	(860,782)	771,606	(205,854)
Non-controlling interest	94,306	-	94,306	-
	(1,437,649)	(860,782)	865,912	(205,854)
Other comprehensive income net of tax	(70,728)	(2,343)	(1,196)	(2,342)
Net income/(loss) and total comprehensive income	(1,508,377)	(863,125)	864,716	(208,196)
Profit/(loss) per common share				
- Basic	(0.0163)	(172,625)	0.0183	(41,171)
- Diluted	(0.0141)	(172,625)	0.0160	(41,171)
Weighted average number of common shares				
- Basic	88,289,406	5	47,243,299	5
- Diluted	101,360,063	5	54,229,601	5

Results from Operations for the Quarter Ended May 31, 2018

Net loss for the quarter ended May 31, 2018 was \$1.5 million, or \$0.0163 per share, compared to a net loss of \$0.860 million, or \$172,625 per share, for the quarter ended May 31, 2017 (being the per share calculation of Pan Andean Capital Pty Ltd in accordance with IFRS 133).

During the three months ended May 31, 2018, the Company recorded no realized capital gains.

During the three months ended May 31, 2017, the Company recorded \$26,914 of realized capital losses.

During the quarter ended May 31, 2018, the Company recorded \$1.56 million of net unrealized losses on investments and marketable securities. The unrealized losses were primarily attributed to the losses through mark-to-market of the Company's publicly traded investments which was predominantly contributed by Jervois Mining Limited and Kalina Power Limited.

During the quarter ended May 31, 2017, the Company recorded \$0.92 million of net unrealized losses on investments and marketable securities. The unrealized losses were primarily attributed to the losses through mark-to-market of the Company's publicly traded investments which was predominantly contributed by Kalina Power Limited and Verdant Minerals Limited.

Total expenses during the quarter ended May 31, 2018 were \$0.13 million compared to \$0.08 million for the quarter ended May 31, 2017. The increase of expenses was due to the increased activity of the Company in carrying out its due diligence and analysis of potential investments by the Company in the quarter.

Results from Operations for the Year Ended May 31, 2018

Net profit for the 12 months ended May 31, 2018 was \$865,912, or \$0.0183 per share, compared to a net loss of \$205,854, or \$(41,171) per share, for the 12 months ended May 31, 2017 (being the per share calculation of Pan Andean Capital Pty Ltd in accordance with IFRS 133).

During the 12 months ended May 31, 2018, the Company recorded no realized capital gains or losses.

During the 12 months ended May 31, 2017, the Company recorded \$248,424 realized capital gains.

During the 12 months ended May 31, 2018, the Company recorded \$2,373,603 million of net unrealized gain on investments and marketable securities. The unrealized gains were primarily attributed to the gains through mark-to-market of the Company's publicly traded investments which was predominantly contributed by Jervois Mining Limited (\$2,592,931) and Eurotin Inc (\$300,000) offset by a loss through mark-to-market of Kalina Power Limited (\$814,781).

During the 12 months ended May 31, 2017, the Company recorded a net unrealized loss of \$327,726 attributable to losses recognized through the mark-to-market of the Company's publicly traded investments.

Total expenses during the 12 months ended May 31, 2018 were \$1.55 million compared to \$244,282 for the 12 months ended May 31, 2017. The significant increase of expenses was due to the work required for the completion of the Qualifying Transaction and includes the Listing expense associated with the QT of \$357,227. The expense also reflects the increased activities of the Company with a resultant increase in travel, legal and professional fees in carrying out due diligence and analysis of potential investment opportunities as well as in making investments.

Liquidity and Capital Resources

At May 31, 2018, the Company had a net working capital of \$4,291,960 comprised of cash of \$57,568 and total other net current assets of \$4,234,392, which consists of other current assets of \$5,790,850 and current liabilities, being trade and other payables and borrowings of \$1,556,458.

At February 28, 2018, the Company had a net working capital of \$7,242,500, comprised of cash of \$31,866 and total assets of \$7,210,634, which consists of other current assets of \$7,825,225 and current liabilities, being trade and other payables of \$614,591.

The change in net working capital of (\$2,950,540) for the current quarter, is attributed to the drop in net unrealized gains on the value of its Investments, predominantly related to Jervois Mining Limited and Kalina Power Limited compared to the previous quarter as well as borrowings becoming current liabilities.

Selected Annual Information

The following financial data are selected information for the Company for the three most recently completed financial years:

	2018	Years Ended May 31	
	\$	2017*	2016*
	\$	\$	\$
Net realized gain/(loss) on disposal of marketable securities	nil	248,424	nil
Net change in unrealized gain/(loss) on marketable securities	2,373,603	(327,726)	nil
Other Income	87,685	23,547	nil
Total Expenses	1,556,931	244,282	(70,667)
Net Income/(Loss) and Comprehensive Profit/(Loss)	864,716	(208,196)	(319,679)
Basic Profit/(Loss) per Share	0.0183	(41,171)	(37,100)
Fully Diluted Profit/(Loss) per Share	0.0160	(41,171)	(37,100)
Cash Dividends	nil	nil	nil
Total Assets	7,114,416	2,558,673	739,271
Total Non-Current Financial Liabilities	139,631	nil	nil

2016 - Represents Pan Andean Capital Pty Limited 12 months accounts from 1 July 2015 to 30 June 2016
2017 – Represents Pan Andean Capital Pty Limited 12 months from 1 June 2016 to 31 May 2017

Pan Andean Capital Pty Limited commenced trading in October 2014 with its initial investment in Kalina Power Limited. Pan Andean Capital did not make any further investment in the 2016 financial period and had limited activities. The total expenses related primarily to the financing costs incurred in the period in relation to the investment in Kalina Power.

In the 2017 financial period, Pan Andean commenced making further investments for its initial portfolio which resulted in gains from the sale of a portion of its Kalina Power Limited investment and investment into Consolidated Potash Corporation (formerly named Aqua Guardian Group), Jervois Mining Limited and Golden Reign Resources. The movement in the value of the investments in Jervois Mining Limited and Golden Reign resulted in the unrealized loss on marketable securities in 2017. As Pan Andean was now more active in its investment activities and had borrowings against the purchase consideration of some of its investments, this resulted in the increase in total expenses for 2017 primarily due to the financing costs.

In the 2018 financial period, Pan Andean completed the Qualifying Transaction with Lions Bay Capital Inc which resulted in the significant increase in the total expenses as the resulting issuer, Lions Bay Capital Inc commenced a more active identification, due diligence and investment process in new investee companies. This resulted in an increase in travel costs and professional fees. There was also a significant one off cost of \$357,227 related to listing expense recognized on acquisition. The unrealized gain on the marketable securities is predominantly due to the increase in value of Jervois Mining Limited and Eurotin, partly offset by the drop in value of Kalina Power Limited.

Financial Instruments

The Company's current financial instruments consist of cash, and trade and other payables, along with public listed shares which are initially measured at fair value and subsequently measured at market price.

Financial instruments that potentially subject the Company to significant concentrations of credit risk is cash, arms' length third party loans and movements in the price of public listed shares. The Company limits its exposure to credit risk by placing its cash with high credit quality institutions and by actively monitoring its portfolio of public listed shares and private investments with an aim to provide a diversified spread of value amongst the various investment. The maximum exposure to loss arising from cash, public listed shares and private investments are equal to their carrying value and from the third party loans is their outstanding balances.

Off-Balance Sheet Arrangements

None

Foreign Currency Translation

(i) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of Lions Bay Capital Inc (the parent entity of the Group) are measured in Canadian Dollars (CAD) which is that entity's functional currency.

(ii) Presentation currency

The consolidated financial statements are presented in Canadian Dollars, which is the Group's presentation currency.

(iii) Translation and balances

Transactions in foreign currencies are converted to the functional currency at the exchange rate at the date of the transaction. Amounts payable to and by the Group outstanding at reporting date and denominated in foreign currencies have been converted to local currency using rates prevailing at the end of the financial year. All exchange differences are taken to profit or loss.

(iv) Group companies

The results of foreign subsidiaries and the parent entity are translated to CAD at the exchange rate at the date of the transaction. Assets and liabilities of foreign subsidiaries are translated to CAD at exchange rates prevailing at balance date. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

(v) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

Related Party Transactions

The key management personnel of the Company, which are defined by IFRS 24, Related Party Disclosures, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including Directors and management.

On November 14, 2017, John Byrne and his related entities namely Arcourt Resources Pty Ltd, John Byrne Private Pension Fund, Camtan Pty Ltd and Twenty-Second Yeneb Pty Ltd received 7,601,554, 12,175,266, 430,000 and 33,161,378 common shares respectively in the company at \$0.05 per share. The total value of this qualifying transaction amounted to \$2,668,410.

Further the company issued 10 million stock options exercisable at \$0.05 to Twenty-Second Yeneb Pty Limited, a related entity of John Byrne. These options expire on 1 February 2020.

Effective from November 14, 2017 the Company entered into an agreement with Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne, President and CEO of the Company for the provision of services of John Byrne and for the services of Kesh Thurairasa as CFO and Corporate Secretary. Total amount charged for the period amounted to \$91,000.

At May 31, 2018 Kalina Power Ltd was owed \$138,168 by Consolidated Potash Corporation Limited, a subsidiary of the Company. Interest payable at 10% per annum amounted to \$5,496. John Byrne is the Executive Chairman of Kalina Power Ltd.

Accounting standards, interpretations and amendments to existing standards that are not yet effective

The Company continues to monitor the potential changes proposed by the IASB and considers the impact changes in the standards would have on the Company's operation.

IFRS 9, Financial Instruments ("IFRS 9")

In July 2014, the IASB issued IFRS 9, which will replace IFRS 39, *Financial Instruments: Recognition and Measurement* ("IFRS 39"). IFRS 9 requires financial instrument classification and related measurement practice to be based primarily on an entity's business model objectives when managing those financial assets and on the extent to which contractual cash flows exist within the financial assets. The standard also introduce a new expected loss impairment model and new hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company plans to adopt the new standard on the required effective date.

During 2017, the Company assessed all the three aspects of IFRS 9 and does not expect the standard to have material impact on the measurement basis of the financial assets of the Company. The Company expects to continue measuring at fair value all financial assets currently held at FVTPL. Debt securities are expected to be measured at FVTPL under IFRS 9 as the Company does not expect to hold the asset to collect contractual cash flows. The Company will adopt this standard from 1 June 2018 and the impact of its adoption is expected to be minimal on the company.

The Company does not have any hedge relationships that qualify for the hedge accounting under IFRS 39; therefore, apply the hedging requirements of IFRS 9 will have no impact.

IFRS 15, Revenue from Contracts with Customer ("IFRS 15")

In May 2014, the IASB issued IFRS 15, which establishes a five-step model that will apply to revenue earned from a contract with customer, regardless of the type of revenue transaction or the industry. The standard's requirement will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company has assessed the impact of the implementation of IFRS 15 and has determined that there is an insignificant impact of applying the new standard.

IFRS 16, Leases ("IFRS 16")

In January 2016, the IASB issued IFRS 16, which replaces the previous lease standard and related interpretations. The new standard requires all leases, other than short-term leases, to be reported on-balance sheet through recognition of a right-of-use asset and a corresponding liability for future lease obligations. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The Company has determined that there is an insignificant impact of applying the new standard

Subsequent Event

On June 8, 2018, Montan Mining Corp (TSXV: MNY) obtained shareholder approval where by the Company and Montan will proceed to settle \$0.99m Montan indebtedness through issuance to the Company of 19,833,148 Montan common shares at a deemed price of \$0.05 per share. This share for debt transaction was completed on 6 July 2018.

On 22 June 2018 Montan Mining issued 3,100,000 units each comprising common shares at a deemed price of \$0.05 per share and warrants exercisable at \$0.06 for one year and settled \$155,000 debt owed to the Company. (note 5).

Further the Company issued 9,015,067 common shares on 6 July 2018 at a deemed price of \$0.11 per share to the debt holders from whom the settled Montan debt was purchased. (note 5).

On 6 July 2018 Montan Mining issued 4,780,000 units each comprising common shares at a deemed price of \$0.05 per share and warrants exercisable at \$0.06 for one year and settled \$239,000 debt owed to the Company.

As a result of the above transactions the Company owns 45.33% of Montan and has one board representative. Based on this the Company has concluded that it does not control Montan.

The Company has made an offer to purchase the balance of Consolidated Potash Corporation Limited that it does not already own through the issue of one new share for each Consolidated Potash Corporation Limited share. This transaction is subject to exchange approval.

Summary of Selected Quarterly Information

	Quarter Nov 30 2017 \$	Quarter Feb 28 2018 \$	Quarter May 31 2018 \$	Year May 31 2018 \$
Net Income / (Loss) and Total Comprehensive Income / (Loss)	1,346,895	1,062,216	(1,508,377)	864,716
Profit / (Loss) per Share				
- Basic	0.0725	0.0111	(0.0163)	0.0183
- Fully Diluted	0.0661	0.0099	(0.0141)	0.0160
Weighted Average Number of Common Shares				
- Basic	18,996,582	86,437,554	88,289,406	47,243,299
- Fully Diluted	20,904,824	96,587,554	101,360,063	54,229,601

The movement in Net Income / (Loss) and Total Comprehensive Income / (Loss) is predominately due to the movement in market value of the public listed securities as at the relevant quarter end date. In particular, Jervois Mining Limited increased substantially in value each of the quarters ending November 30 2017 and February 28, 2018, however it decreased in value in the quarter ended 31 May 2018.

	Quarter Nov 30 2016 \$	Quarter Feb 28 2017 \$	Quarter May 31 2017 \$	Year May 31 2017 \$
Net Income / (Loss) and Total Comprehensive Income / (Loss)	713,325	(65,686)	(863,125)	(208,196)
Profit / (Loss) per Share				
- Basic	142,665	(13,137)	(172,625)	(41,171)
- Fully Diluted	142,665	(13,137)	(172,625)	(41,171)
Weighted Average Number of Common Shares*				
- Basic	5	5	5	5
- Fully Diluted	5	5	5	5

**The number of shares represents the Pan Andean Capital Pty Ltd issued capital in accordance with the IFRS 3*

The movement in Net Income / (Loss) and Total Comprehensive Income / (Loss) is predominately due to the movement in market value of the public listed securities as at the relevant quarter end date. In particular, Kalina Power Limited increased substantially in value the quarter ended November 30 2016 however the value then decreased in each of the February 28, 2017 and May 31 2017 quarters. There was also an increase in the finance costs for each of the February 28, 2017 and May 31 2017 quarters as compared to the November 30 2016 quarter.

Share Information as at September 25 2018

	Issued	Authorized
Share Capital		
Common Shares	51,069,065	unlimited
Common Shares – Held in escrow	46,235,678	
Preferred Shares	Nil	unlimited
Total Common Shares	97,304,473	
Stock Options	13,900,000	
Total Share Capital		
- on a fully diluted basis	111,204,473	

Disclosure controls and procedures and internal control over financial reporting

On November 23, 2007, the British Columbia Securities Commission exempted Venture Issuers, such as the Company, from certifying disclosure controls and procedures as well as internal controls over financial reporting as of December 31, 2007, and thereafter. Upon adopting those requirement changes, the Company currently files basic certificates which do not include assessments relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109.

Risks and Uncertainties

The Company completed its Qualifying transaction on November 14, 2017 and since that date has continued as an investment issuer. Its active business comprises of investing in publically listed securities and private companies in both Canada and Australia.

The Company manages risks on corporate investments through its approach to planning, setting of investment criteria, performance of due diligence on investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. The Company seeks to mitigate company specific business risk by investing, where possible, in the highest ranking securities in the capital structure, so as to rank a head of the common shares of the issuer. The Company seeks to mitigate credit risk by investing, where possible, in senior debts securities and /or by limiting the amount of debt that may rank ahead of, or pari passu to, the securities being purchased. The Company seeks to mitigate interest rate risk by investing relatively short duration convertible debentures and conventional debt – typically no longer than three years in term, The Company considers exposure to foreign currency assets as a hedge against the possible decrease in the value of the Canadian dollar

For a discussion of the additional risks and uncertainties which may have an impact on the Company, readers are referred to the Company's Filing Statement dated September 28, 2017 and other documents relating to the Company which can be found on the SEDAR website at www.sedar.com by searching under the Company's name.