

**BUZBUZ CAPITAL CORP.**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

**Introduction**

The following management’s discussion and analysis (“MD&A”) of the financial condition and results of operations of Buzbuz Capital Corp. (“Buzbuz”, or the “Company”) constitutes management’s review of the factors that affected the Company’s financial and operating performance for the year ended December 31, 2019. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. Information contained herein is presented as at June 15, 2020 unless otherwise indicated.

Further information about the Company and its operations can be obtained on [www.sedar.com](http://www.sedar.com).

**Cautionary Note Regarding Forward-Looking Information**

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as “forward-looking statements”). These statements relate to future events or the Company’s future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “continues”, “forecasts”, “projects”, “predicts”, “intends”, “anticipates” or “believes”, or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward- looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

| <b>Forward-looking statements</b>   | <b>Assumptions</b>  | <b>Risk factors</b>   |
|---|---|---|
| The Company expects to complete a Qualifying Transaction (defined below)  | The Company expects to identify an asset or business to acquire and close a Qualifying Transaction, on terms favourable to the Company  | The Company’s inability to find a target to complete a Qualifying Transaction, resulting in the Company remaining as a public shell on the NEX trading board of the Exchange (defined below)  |
| The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending December 31, 2020 | The operating activities of the Company for the twelve-month period ending December 31, 2020, and the costs associated therewith, will be consistent with the Company’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company | Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; regulatory compliance and changes in regulatory compliance and other local legislation and regulation; interest rate and exchange rate fluctuations; changes |

|  |  |                        |
|--|--|------------------------|
|  |  | in economic conditions |
|--|--|------------------------|

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

### **Description of Business**

Buzbuz Capital Corp. (the "Company") was incorporated under the Business Corporations Act (Ontario) on February 26, 2018.

As at December 31, 2019, the Company had no business operations. As a CPC, the Company's business objective will be to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction (as defined in Exchange Policy 2.4) subject, in certain cases, to shareholder approval and acceptance by the Exchange. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to pay dividends or enjoy earnings in the immediate or foreseeable future. There is no assurance that the Company will identify and successfully acquire businesses or assets that will produce a profit. Moreover, if a potential business or asset is identified which warrants acquisition or participation, additional funds may be required to complete the acquisition or participation and the Company may not be able to obtain such financing on terms which are satisfactory to the Company.

Under the policies of the Exchange, the Company must identify and complete a Qualifying Transaction within 24 months from the date the Company's shares are listed for trading on the Exchange. There is no assurance that the Company will be able to complete a Qualifying Transaction within 24 months of being listed or that it will be able to secure the necessary financing to complete a Qualifying Transaction. The Exchange may suspend or de-list the Company's shares from trading should it not meet these requirements.

The head office of the Company is located at 82 Richmond Street East, Toronto, Ontario, Canada, M5C 1P1. The Company's financial year end is on December 31.

Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as permitted by Policy 2.4, the funds that will be raised and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions.

### **Operational Highlights**

Effective June 28, 2019, the Company entered into a non-binding letter of intent with iLLuma-Drive Inc., a private digital electric company based in Ontario, Canada. The letter of intent sets out certain terms and conditions pursuant to which the proposed transaction will be completed. On October 1, 2019, the proposed transaction was terminated.

As at December 31, 2019, the Company has had no business operations. Activity has been limited to initial financing of \$240,000 and \$110,000 on February 23, 2018 and April 25, 2018, respectively through the issuance of 7,000,000 common shares, prior to completion of the initial public offering.

On May 28, 2019, the Company's common shares commenced trading on the TSX-V under the symbol BZBZ.P.

On May 24, 2019, the Company completed an initial public offering in British Columbia, Alberta and Ontario of 2,500,000 common shares in the capital of the Company at a price of \$0.10 per common share for gross proceeds of \$250,000.

On May 24, 2019, the Company issued 900,000 stock options to directors and officers with an exercise price of \$0.10, expiring May 24, 2024.

### **Trends**

For the immediate future, the Company intends to work towards, completing the Proposed Transaction. The Company continues to monitor its spending and will amend its plans based on business opportunities that may arise in the future.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions.

Generally strong equity markets are favourable conditions for completing a public merger or acquisition transaction.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

**Selected Annual Information**

|   | Year Ended<br>Dec. 31, 2019<br>\$ | Year Ended<br>Dec. 31, 2018<br>\$ |
|---|-----------------------------------|-----------------------------------|
| Total assets                            | 472,336                           | 350,000                           |
| Total liabilities                       | (39,278)                          | nil                               |
| Working capital**                       | 433,058                           | 350,000                           |
| Expenses                                | 156,341                           | nil                               |
| Net (loss)                              | (156,341)                         | nil                               |
| Net (loss) per share, basic and diluted | (0.02)                            | (0.00)                            |

\*\* defined as current assets, less current liabilities

Year ended December 31, 2019, compared to the year ended December 31, 2018

The Company incurred reported a loss of \$156,341 during the year ended December 31, 2019, consisting of professional fees of \$65,002, public company costs of \$24,199, and stock based compensation of \$67,140. Professional fees consist of legal and audit costs. Public company costs include compliance and filing costs.

On May 24, 2019, the Company granted 900,000 incentive stock options to officers and directors of the Company. The options are exercisable at \$0.10 per share, expire May 24, 2024. The resulting fair value of \$67,140 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 100%; a risk-free interest rate of 1.50% and an expected life of 5 years.

During Q1 2019 and previously, the company had no reported activity on its statement of operations.

**Cash Flow**

At December 31, 2019, the Company had working capital of \$433,058, (December 31, 2018 - \$350,000). During the year ended December 31, 2018, the Company closed a financing rounds of \$240,000 and \$110,000 for working capital purposes, prior to the commencement of the initial public offering.

On May 24, 2019, the Company completed an initial public offering in British Columbia, Alberta and Ontario of 2,500,000 common shares in the capital of the Company at a price of \$0.10 per common share for gross proceeds of \$250,000. Costs of issue amounted to \$77,741.

**Liquidity and Capital Resources**

The Company manages its capital structure and makes adjustments to it, based on available funds to the Company. Pursuant to the policies of the Exchange, the proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of its initial public offering or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under Policy 2.4. The Company has exceeded this limit. The impact of this violation, if any, is unknown and is ultimately dependent on the Exchange.

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**Year Ended December 31, 2019**  
**Discussion dated: June 15, 2020**

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As at December 31, 2019, the Company had \$433,058 in working capital. Management believes the Company's working capital (inclusive of the proceeds from the initial public offering closing May 24, 2019) is sufficient for the Company to meet its ongoing obligations and meet its objective of completing a Qualifying Transaction within 12 months.

### **Related Party Transactions**

On May 24, 2019, the Company granted 900,000 incentive stock options to officers and directors of the Company. The options are exercisable at \$0.10 per share, expire May 24, 2024. The resulting fair value of \$67,140 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 100%; a risk-free interest rate of 1.50% and an expected life of 5 years. Each of the Company's four directors were issued 225,000 options of the 900,000 option grant.

### **Selected Quarterly Information**

| Three Months Ended | Assets<br>(\$) | Net Loss      |   |
|--------------------|----------------|---------------|---|
|                    |                | Total<br>(\$) | Basic and<br>Diluted<br>Loss<br>per Share<br>(\$) |
| December 31, 2019  | 472,336        | 65,669        | (0.01)  |
| September 30, 2019 | 474,946        | 2,039         | (0.00)  |
| June 30, 2019      | 476,985        | 88,633        | (0.01)  |
| March 31, 2019     | 350,000        | Nil           | (0.00)  |
| December 31, 2018  | 350,000        | Nil           | (0.00)  |
| September 30, 2018 | 350,000        | Nil           | (0.00)  |
| June 30, 2018      | 350,000        | Nil           | (0.00)  |
| March 31, 2018     | 240,000        | Nil           | (0.00)  |

Three months ended December 31, 2019, compared to the three months ended December 31, 2018

The Company incurred reported a loss of \$65,669 during the three months ended December 31, 2019, consisting of professional fees of \$55,560 and public company costs of \$10,109. Professional fees consist of legal and audit costs. Public company costs include compliance and filing costs.

### **Major Operating Milestones**

None

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Additional Information Outstanding Share Data as at the date of this MD&A**

As of the date of this MD&A, there were 9,500,000 common shares of the Company issued and outstanding and 900,000 stock options outstanding, with a weighted average exercise price of \$0.10.

### **Changes in Accounting Policies**

There were no changes in accounting policies for the year ended December 31, 2019

### **Risks and Uncertainties**

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 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. Until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction.

#### Possible Trading Suspension or Delisting

The Exchange may suspend from trading or delist the securities of the Company where the Company has failed to complete a Qualifying Transaction within the 24 months of the date of listing or if the Company fails to meet initial listing requirements of the Exchange upon Completion of the Qualifying Transaction. 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 Qualifying Transaction, trading in the common shares of the Company will be halted and will remain halted until completion of a Qualifying Transaction, or sooner pursuant to Policy 2.4. Neither the Exchange nor any securities regulatory authority passes upon the merits of the potential Qualifying Transaction.

#### Exchange May Not Approve a Qualifying Transaction

Completion of a Qualifying 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 Qualifying Transaction; the Exchange may not approve a Qualifying 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 a Qualifying Transaction;

(b) if, following completion of a 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 Qualifying 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 Qualifying 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.

#### 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.

#### 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.

Additionally, directors and officers of the Company may also serve as directors and/or officers of other reporting issuers from time to time.

The Company has not purchased "key-man" insurance, nor has it entered into non-competition and non-disclosure agreements with management and has no current plans to do so.

#### Foreign Acquisition

In the event the Company identifies a foreign business as a proposed Qualifying 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.

#### Loans or Advances

Subject to prior acceptance from the Exchange, the Company may be permitted to loan or advance up to an aggregate of \$250,000 (\$25,000 without prior Exchange approval) of its proceeds to a target business without requiring shareholder approval and there can be no assurance that the Company will be able to recover the loan or advance.

#### **Events Occuring After the Reporting Date**

There are no events occurring after the reporting date which are not otherwise disclosed in this document.

#### **Contingencies and Commitments**

Subsequent to December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Due to the worldwide COVID-19 outbreak, material uncertainties may come into existence that could influence management's going concern assumption. Management cannot accurately predict the future impact COVID-19 may have on:

- Global oil prices;
- The severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labour availability and supply lines;
- Availability of essential supplies;
- Purchasing power of the Canadian dollar; and
- Ability to obtain funding.

At the date of the approval of these consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. Management believes the business will continue and accordingly, the current situation bears no impact on management's going concern assumption. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company in future periods.