

ESG GLOBAL IMPACT CAPITAL INC.
(formerly Block One Capital Inc.)
Form 51-102F1

Management's Discussion & Analysis
For the period ended May 31, 2020

1.1 Introduction

Corporate structure and background

The following management's discussion and analysis ("MD&A"), prepared as of May 31, 2020, is a review of operations, current financial position and outlook for ESG Global Impact Capital Inc. (the "Company"). Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. This MD&A should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2019 and the condensed interim financial statements for the nine month period ended May 31, 2020. Those financial statements were prepared in accordance with IFRS. Amounts are reported in Canadian dollars, unless otherwise specified.

The Company was incorporated on February 10, 2010 pursuant to the *Canada Business Corporation Act* and on February 14, 2017, the Company was continued into British Columbia under the *British Columbia Business Corporation Act*. The Company completed its initial public offering on December 7, 2010. On November 9, 2017 the Company changed its name to "Block One Capital Inc.". On April 24, 2020 the Company changed its name to ESG Global Impact Capital Inc. and is listed on the TSX-V as a Tier 2 Investment Issuer under the symbol "ESGW". ESGW has made fundamental changes to our core business model to begin investing and taking a more active role in developing environmentally friendly business. We are in the process of establishing three new active subsidiaries. Two of the subsidiaries will be focused on cash flow and the third will be an asset builder. ESGW has also maintained its core portfolio business which has been undergoing a change resulting from our revised portfolio management strategy.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify 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. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

IAS 36 – Impairment of Assets

IAS 36 Impairment of Assets seeks to ensure that an entity's assets are not carried at more than their recoverable amount. The core principle is that an asset must not be carried in the financial statements at more than the highest amount to be recovered through its use or sale. If the carrying amount exceeds the recoverable amount, the asset is described as impaired. The entity must reduce the carrying amount of the asset to its recoverable amount and recognise an impairment loss. IAS 36 also applies to groups of assets that do not generate cash flows individually (known as cash-generating units).

As at May 31, 2020, management assessed that investments in the following companies: Affirmative Technology Group LLC (\$520,159), BlockTech Ventures Inc. (\$209,999), Cuipo OMAAT Ltd. (\$999,819), Finzat Block LLC (\$789,984), Shopin Coin (\$989,048), Karma Technologies (\$877,075), and Everyday Financial People (\$249,999) did not support their carrying value, based on the guidance provided by IAS 36, and the amounts invested were impaired to a carrying value of \$1. In subsequent periods when value is derived from the investments, management will recognize a recovery of these investments. During the year ended August 31, 2019 the Company recognized a recovery of its Cuipo OMAAT investment in the amount of \$313,114.

Quarter Highlights

During the period ended May 31, 2020:

- (a) The Company announced the appointment of Todd Violette as Chief Investment Officer of the Company.
- (b) The Company announced the appointment of Nick Watters to the board of directors of the Company.
- (c) On April 24, 2020 the Company effected a name change from Block One Capital Inc. to ESG Global Impact Capital Inc. and its symbol was changed to ESGW.
- (d) On April 24, 2020 the Company effected a consolidation of its common shares on a one new share for 3 old shares basis.
- (e) April 29, 2020 the Company closed of a private placement for 5,000,000 units at a price of \$0.07 per unit, for gross proceeds of \$350,000. Each unit is comprised of one post-consolidated common share and one warrant. Each warrant entitles the holder to purchase one additional post-consolidated common share at 10 cents per common share for a period of 90 days from April 29, 2020 and, thereafter, at 15 cents until 36 months from the date of closing. Securities issued pursuant to this financing are subject to trading restrictions until Aug. 30, 2020. The Company paid finders' fees to qualified finders of \$1,766.10 and issued 252,300 brokers' warrants. Each broker's warrant has a term of six months and may be exercised at 30 cents per common share for a period of 90 days and, thereafter, at 40 cents for the remaining 90 days.

Risks and Uncertainties

Liquidity Risk

Due to market conditions beyond its control, including investor demand, resale restrictions, general market trends and regulatory restrictions, the Company may not be able to liquidate investments without a listed market for their securities, when it would otherwise desire to do so in order to operate in accordance with its investment policy and strategy. Such lack of liquidity could have a material adverse effect on the value of the Resulting Issuer's investments and, consequently, the value of the shares of the Resulting Issuer.

Diversification Risk

The aggregate returns realized by the Company may be substantially and adversely affected by the unfavourable performance of even a single investment. Accordingly, there can be no assurance that the Resulting Issuer will be able to reduce its investment risk by diversifying its portfolio. The resulting lack of diversification may adversely impact the ability of the Resulting Issuer to achieve its desired investment returns.

Capital Risk

If the Company is unable to raise additional investment capital either through investment returns or new financing through securities offerings, then it will be limited in its ability to fulfill its investment objectives. This may adversely affect its long-term viability. To raise additional capital, the Resulting Issuer may have to issue additional shares which may dilute the interests of existing shareholders

Volatility Risk

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many junior companies have experienced wide fluctuations in price. The market price of the Shares may be volatile and could be subject to wide fluctuations due to a number of factors. Broad market fluctuations, as well as economic conditions generally and in the technology industry specifically, may adversely affect the market price of the Shares.

Additional Risk Factors

As described in the notes to the audited financial statements, although the Company's active investments are comprised mostly of publicly traded shares, there is no guarantee that the market would be able to absorb sale of the number of shares held by the Company without a drop in the share price, should the Company attempt to realize its investments within a very short timeframe. The reported fair value does not necessarily reflect the value that would be obtained should the Company sell its investments in an arm's-length transaction.

Readers should refer to the risk factors disclosed in the Company's Filing Statement dated July 6, 2011 filed on SEDAR.

1.2 Overall Performance

The Company was incorporated under the *Canada Business Corporations Act* on February 10, 2010 and on February 14, 2017, the Company was continued into British Columbia under the *British Columbia Business Corporation Act*. On December 7, 2010, the common shares of the Company began trading on the TSX-V under the ticker symbol "EXC.P". On July 15, 2011, the Company completed its Qualifying Transaction and is now listed on the TSX-V as a Tier 2 Investment Issuer. Pursuant to the Qualifying Transaction, the Company entered into agreements to acquire debt and equity securities of various companies. On April 17, 2020 the Company changed its name to "ESG Global Impact Capital Inc." and is listed on the TSX-V under the symbol "ESGW".

During the period ended May 31, 2020, the Company has continued to make strategic investments on behalf of the shareholders of the Company. The Company has made fundamental changes to its core business model to begin investing and taking a more active role in developing environmentally friendly business. The Company is in the process of establishing three new active subsidiaries. Two of the subsidiaries will be focused on cash flow and the third will be an asset builder. The Company has also maintained its core portfolio business which has been undergoing a change resulting from its revised portfolio management strategy.

1.3 Selected Annual Information

The following provides a summary of selected financial information, derived from the Company's audited financial statements for the years ended August 31, 2019, 2018, and 2017:

	Years ended August 31		
	2019	2018	2017
	\$	\$	\$
Total revenues	25,793	69,288	56,599
Net income (loss) and comprehensive income (loss)	(3,811,682)	(10,109,399)	262,852
Net income (loss) per share	(0.06)	(0.17)	0.01
Total assets	2,282,039	5,984,954	2,495,359
Total liabilities	370,051	461,284	743,180

The financial information presented in the table above for the years ended August 31, 2019, 2018, and 2017 are from the Company's financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency for all periods is Canadian dollars.

1.4 Summary of Quarterly Results

The following table summarizes information derived from the Company's financial statements for each of the Company's most recently completed eight quarters:

Quarter ended:	Total revenue	Total net income (loss)	Earnings (loss) per share
August 31, 2018	\$16,713	\$(9,988,490)	\$(0.17)
November 30, 2018	\$25,554	\$(1,604,570)	\$(0.02)
February 28, 2019	\$22,162	\$(163,867)	\$(0.00)
May 31, 2019	\$8,763	\$(63,841)	\$(0.00)
August 31, 2019	\$(30,686)	\$(1,979,404)	\$(0.03)
November 30, 2019	\$6,451	\$(286,180)	\$(0.00)
February 29, 2020	\$12,905	\$(624,558)	\$(0.00)
May 31, 2020	\$21,739	\$(368,502)	\$(0.00)

1.5 Results of Operations

Discussion of Operating Results - nine months ended May 31, 2020

Operating expenses in the current period decreased to \$319,669 from \$538,652 during the comparative period. The decrease in expenses was due to:

- The Company incurred reduced expenditures relating to advertising, marketing, and investor relations of \$nil (2019 - \$44,655) as the Company had entered into the Blockchain space in the prior period and incurred additional marketing to help build brand awareness. In the current period, the Company allowed its investee companies to continue to develop their business.
- The Company incurred \$85,431 (2019 - \$263,940) in consulting fees, and the decrease was a result of the Company allowing its current portfolio of investments to mature and adapting new strategy for future investments. In addition, the Company appointed a new CEO during the period.
- The Company incurred travel expenses of \$7,256 (2019 - \$127,467) as the Company focused on its current portfolio cash saving in category maybe a result of instituting new procedures of using video conferencing like Zoom.

During the period ended May 31, 2020, the Company recorded a net loss of \$368,502 compared to a net loss of \$1,832,278 during the comparative period. In addition to operating expenses, the Company recorded a loss due to the sale for the decline in the fair value of investments in 2019 of \$1,336,319 whereas in the current period the Company recognized a gain in the fair value of investments of \$1,572,388. The adjustment to fair value of investments was offset in the current period as the Company recorded a realized loss of \$1,647,595 (2019 - \$315,716) for the sale of investments.

1.6 and 1.7 Liquidity and Capital Resources

At May 31, 2020, the Company had working capital of \$2,061,139 with a cash balance of \$527,650, whereas, at May 31, 2019, the Company had working capital \$3,891,383 with a cash balance of \$1,283,226. The decrease in working capital and cash during the period was due to the use of proceeds for operating activities and fair value adjustments through profit and loss for new and existing investments during the period.

Ongoing working capital requirements are limited to those necessary to maintain the Company's ongoing public reporting obligations and support the Company in its identification and completion of further potential investment and fund-raising opportunities. Should the Company not be able to attract additional debt or equity financing, management of the Company is able to raise funds as needed through sales from its investment portfolio.

The Company has not pledged any of its assets as security for loans or otherwise and is not subject to any debt covenants.

Cash Used in Operating Activities

During the period ended May 31, 2020, the Company used \$111,722 of cash for operating activities compared to \$470,465 during the comparative period. The decrease in cash used for operating activities was due to the fact that the Company adapted new procedures to become more efficient, reducing marketing and legal costs in the period.

Cash Used In Investing Activities

During the period ended May 31, 2020, the Company used \$726,902 of cash for investing activities compared to using \$617,780 during the comparative period. The increase in the use of cash for investing activities is due to the Company allocating more capital to the acquisition of new investments.

Cash Provided by Financing Activities

During the period ended May 31, 2020, the Company received \$348,234 in cash from financing activities, and it repaid an outstanding loan for \$19,125 resulting in a net increase from financing activities of \$328,905.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the period ended May 31, 2020, the Company:

- (a) During the period May 31, 2020, the Company incurred professional fees of \$22,500 (2019 - \$nil) to a company controlled by the Chief Financial Officer ("CFO") of the Company.
- (b) During the period May 31, 2020, the Company incurred consulting fees of \$13,341 (2019 - \$59,633) and \$7,256 (2019 - \$69,562) of travel expenses to the former Chief Executive Officer of the Company.
- (c) During the period ended May 31, 2020, the Company incurred consulting fees of \$nil (2019 - \$13,161) to the former Chief Technology Officer of the Company.
- (d) During the period ended May 31, 2020, the Company issued 2,550,000 (850,000 post-consolidated) in stock options to directors and officers.

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount agreed upon by the transacting parties.

1.10 Other Events

None during the period.

1.11 Changes in Accounting Policies

See Note 2 to the Company's audited financial statements for the year ended August 31, 2019 for a description of the Company's accounting policies and new accounting standards that have been issued but are not yet effective with respect to the Company's financial statements.

1.12 Financial Instruments and Other Instruments

At May 31, 2020, the Company's financial instruments consist of cash, amounts receivable, loans receivable, investments, accounts payable and accrued liabilities, amounts due to related parties, and notes payable.

1.13 Additional Information Outstanding Share Data as at May 31, 2020 and the Report Date

Authorized

The Company is authorized to issue an unlimited number of Common Shares.

Common Shares

As at May 31, 2020 the Company had 27,199,444 common shares outstanding.

Stock Options

As at May 31, 2020, the Company had 1,416,666 stock options outstanding.

Share Purchase Warrants

As at May 31, 2020, the Company had 6,496,666 share purchase warrants outstanding.

1.14 Subsequent Events

Subsequent to the period, management of the Company with the assistance of its advisors began the initial transition into the new business strategy and incorporated a wholly-owned subsidiary, 1252470 B.C. Ltd. As of the date of this filing, management is currently undergoing in-depth process to identify the proper name to be used for branding and product recognition in the marketplace for organic fertilizer. Once management has identified the proper name and associated marketing elements, further updates will be provided. Management is in the process of recruiting new senior management with industry experience and expects to sign executive level employments contracts with identified individuals. There is an intent to hire additional employees as required for this subsidiary.

Subsequent to the period, the Company received notice to exercise an aggregate of 2,185,000 outstanding warrants at an exercise price of \$0.10 per share.

1.15 Officers and Directors

Christopher Cherry, CFO, Director

David Berg, CEO, Director

Julie Zhu, Director

Nick Watters, Director