

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

Management's Discussion & Analysis
For the period ended May 31, 2021

1.1 Introduction

Corporate structure and background

The following management's discussion and analysis ("MD&A"), prepared as of July 30, 2021, 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, 2020 and the condensed interim financial statements for the nine month period ended May 31, 2021. 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". The Company's stated business goal is to build a portfolio of investments, with a view to participating in income and capital growth from the ultimate sale or other disposal of those investments.

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).

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, 2021, the Company has continued to make strategic investments on behalf of the shareholders of the Company.

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		
	2020	2019	2018
	\$	\$	\$
Total revenues	32,200	25,793	69,288
Net income (loss) and comprehensive income (loss)	1,797,035	(3,811,682)	(10,109,399)
Net income (loss) per share	0.07	(0.06)	(0.17)
Total assets	6,165,598	2,282,039	5,984,954
Total liabilities	428,053	370,051	461,284

The financial information presented in the table above for the years ended August 31, 2020, 2019, and 2018 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 (actual and fully-diluted)
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	\$8,834	\$256,056	\$0.00
August 31, 2020	\$10,464	\$1,428,531	\$0.01
November 30, 2020	\$10,446	\$1,374,441	\$0.05
February 28, 2021	\$8,871	\$2,590,041	\$0.08
May 31, 2021	\$4,211	\$(306,559)	\$(0.01)

1.5 Results of Operations

Discussion of Operating Results - nine months ended May 31, 2021

Operating expenses in the current period increased to \$517,903 from \$319,669 during the comparative period. The decrease in expenses was due to:

- The Company incurred more expenditures relating to advertising, marketing, and investor relations of \$9,837 (2020 - \$nil) as the Company was active in the current period to help build brand awareness in connection with the Company's new name.
- The Company incurred \$468,315 (2020 - \$85,431) in consulting fees, and the increase was a result of the Company expending more resources on sourcing new investments as the Company's portfolio continues to grow and generate positive returns.
- The Company incurred professional fees of \$35,000 (2020 - \$29,000) as the Company's level of investing activity increased.

During the period ended May 31, 2021, the Company recorded a net gain of \$3,657,921 compared to net loss of \$368,502 during the comparative period. In addition to operating expenses, the Company recorded a gain due to the adjustment for the increase in the fair value of investments of \$1,011,416 (2020 - \$1,572,388). The Company also recorded a realized gain of \$2,355,667 (2020 - (\$1,647,595)) for the sale of investments due to improved markets.

1.6 and 1.7 Liquidity and Capital Resources

At May 31, 2021, the Company had working capital of \$8,150,909 with a cash balance of \$390,762. At May 31, 2020, the Company had working capital \$1,850,033 with a cash balance of \$1,283,226. The increase in working capital was primarily attributable to 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, 2021, the Company used \$392,247 of cash for operating activities compared to \$111,722 during the comparative period. The increase in cash used for operating activities was due to the fact that the Company's investment portfolio performed better due to favourable market conditions and the Company continued to source new investments.

Cash Used In Investing Activities

During the period ended May 31, 2021, the Company used \$941,776 of cash for investing activities compared to using \$726,902 during the comparative period. The increase in the use of cash for investing activities is due to the Company allocating increased capital to the acquisition of new investments as the Company's portfolio continued to perform well.

Cash Provided by Financing Activities

During the period ended May 31, 2021, the Company received \$791,803 of cash from financing activities, whereas it received \$328,905 in the comparative period.

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, 2021, the Company:

- (a) During the period May 31, 2021, the Company incurred professional fees of \$22,500 (2020 - \$22,500) to a company controlled by the Chief Financial Officer ("CFO") of the Company.
- (b) During the period May 31, 2021, the Company incurred consulting fees of \$45,000 (2020 - \$nil) to the Chief Executive Officer of the Company.
- (c) During the period ended May 31, 2021, the Company incurred consulting fees of \$12,500 (2020 - \$nil) to a director of the Company
- (d) During the period ended May 31, 2021, the Company issued 1,500,000 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

On February 26, 2021, Julie Zhu resigned as a director and Eugene Hodgson was appointed to fill the vacancy.

1.11 Changes in Accounting Policies

See Note 2 to the Company's audited financial statements for the year ended August 31, 2020 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, 2021, 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, 2021

Authorized

Authorized: Unlimited common shares without par value and 5,000,000 Series B redeemable convertible preferred shares with stated face value of \$10 per share, convertible at the option of the Company into common shares of the Company based upon either of the following options; redeem one dollar approximately every 180 days or a maximum of two dollar within a twelve month period.

Common Shares

As at May 31, 2021 the Company had 29,467,761 common shares outstanding.

Stock Options

As at May 31, 2021, the Company had 2,749,999 stock options outstanding.

Share Purchase Warrants

As at May 31, 2021, the Company had 9,463,967 share purchase warrants outstanding.

Series B Preferred Shares

As at May 31, 2021, the Company had 730,000 Series B preferred shares outstanding.

1.14 Subsequent Events

Subsequent to period end on July 4, 2021 4,496,667 warrants priced at \$0.30 per warrant expired unexercised.

1.15 Officers and Directors

Christopher Cherry, CFO, Director
David Berg, CEO, Director
Eugene Hodgson, Director
Nick Watters, Director