

HUFFINGTON CAPITAL CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended August 31, 2019

This Management Discussion and Analysis (“MD&A”) of Huffington Capital Corp. (“Huffington” or the “Company”) has been prepared by management as of December 27, 2019 and should be read together with the audited financial statements and related notes for the year ended August 31, 2019 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company can be found on SEDAR at www.sedar.com. All of the following amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. 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 Issuer to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company was incorporated under the Canada Business Corporations Act on July 21, 2015.

The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. As a CPC, the Company’s principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange (“Qualifying Transaction”).

On April 19, 2016, the Company completed its IPO issued 1,000,000 common shares at \$0.20 per share for total proceeds of \$200,000. The Company paid to the agent a corporate finance fee of \$7,500 and a cash commission of \$15,000, being 7.5% of the gross proceeds. The Company also issued to the agent an option to acquire 75,000 common shares of the Company at a price of \$0.20 per share. These agent options were exercised in full during the fiscal periods ended August 31, 2017 and 2018.

On August 8, 2018, the Company cancelled 500,000 common shares, leaving 500,000 shares in escrow.

The Company received notice from the Exchange notifying the Company that it had been suspended for failure to complete a Qualifying Transaction within 24 months of listing on the Exchange in accordance with Policy 2.4. On August 8, 2018, the Company’s shares were listed on the NEX Board of the Exchange under the symbol MXC.H.

The proposed business of the Company and the completion of a Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

HUFFINGTON CAPITAL CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended August 31, 2019

Selected Annual Information

	Year Ended August 31, 2019	Year Ended August 31, 2018	Year Ended August 31, 2017
Total revenue	\$ -	\$ -	\$ -
Net and comprehensive loss for the year	\$ (61,024)	\$ (44,016)	\$ (49,466)
Total assets	\$ 156,806	\$ 93,058	\$ 128,838
Weighted average number of shares outstanding	1,787,329	1,522,125	1,512,684
Loss per share, basic and diluted	\$ (0.03)	\$ (0.03)	\$ (0.03)

Results of Operations

Year ended August 31, 2019 compared to year ended August 31, 2018

For the year ended August 31, 2019, the Company reported a net loss of \$61,024 (2018 - \$44,016) comprised of general and administrative fees of \$28,610 (2018 - \$21,386), transfer agent and filing fees of \$15,611 (2018 - \$14,020) and professional fees of \$18,125 (2018 - \$9,488). The Company reported \$1,322 of interest income for the year-ended August 31, 2019 (2018 - \$878).

Generally, expenses have remained consistent from period to period as the Company continued to evaluate potential Qualifying Transactions. Professional fees increased \$8,637 as a result of legal fees incurred as the Company pursued a qualifying transaction.

Summary of Quarterly Results

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Net Loss for the Period	\$ (8,129)	\$ (28,218)	\$ (13,235)	\$ (11,442)	\$ (15,725)	\$ (11,074)	\$ (10,259)	\$ (6,958)
Loss per Share	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)

Liquidity and Capital Resources

The Company reported working capital of \$143,638 at August 31, 2019 (2018 - \$88,074) and cash of \$155,782 (2018 - \$91,186).

Current liabilities as at August 31, 2019 consisted of accounts payable of \$13,168 (2018 - \$4,984).

Pursuant to subscription agreements, 2,000,000 common shares at \$0.05 per share were issued to directors of the Company for gross proceeds of \$100,000. On January 25, 2016, the directors of the Company approved the repurchase of 1,000,000 of the Company's issued and outstanding common shares for no consideration from its shareholders on a pro rata basis. Consequently, the number of issued and outstanding common shares has been reduced to 1,000,000 common shares. On August 8, 2018, the Company cancelled 500,000 common shares, leaving 500,000 shares in escrow. All 500,000 common shares are held in escrow and have been deposited with a trustee under an escrow agreement. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the final Exchange bulletin on the closing of a Qualifying Transaction and an additional 15% will be released every six months following the initial release over a period of thirty six months.

On April 19, 2016, the Company completed its IPO issued 1,000,000 common shares at \$0.20 per share for total proceeds of \$200,000. Issuance costs of \$33,875 were incurred on the IPO reducing the net proceeds to \$166,125.

HUFFINGTON CAPITAL CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended August 31, 2019

On January 11, 2017, 22,125 warrants were exercised at \$0.20 per warrant for proceeds of \$4,425.

On April 16, 2018, 52,875 warrants were exercised at \$0.20 per warrant for proceeds of \$10,575.

On March 29, 2019, the Company issued 500,000 common shares at \$0.25 per share for gross proceeds of \$125,000.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Transactions with Related Parties

For the year ended August 31, 2019, the Company incurred rent expense of \$15,500 (2018 - \$18,000) to NW Capital Corp., a company controlled by officers of the Company. At August 31, 2019, included in accounts payable is \$3,150 (2018 - \$1,575) due to this company.

Fourth Quarter

The Company had a net loss of \$8,129 (2018 - \$15,725) during the quarter ended August 31, 2019. Expenses included:

	Three months ended August 31, 2019	Three months ended August 31, 2018
Transfer agent and filing fees	\$ 2,828	\$ 2,619
General and administrative	7,948	5,854
Professional fees	(2,231)	7,253
Interest income	(416)	(1)
	<u>\$ 8,129</u>	<u>\$ 15,725</u>

The loss has remained consistent from period to period. Individual expenditures fluctuate based on the Company's requirements. The recovery of professional fees is a result of the Company recording an adjustment to reallocate professional fees to share issuance costs.

Proposed Transactions

None.

Critical Accounting Estimates

Not applicable for Venture Issuers.

HUFFINGTON CAPITAL CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the year ended August 31, 2019

Recent Accounting Policies Not Yet Adopted

IFRS 16, Leases (“IFRS 16”) In January 2016, the IASB issued this standard which is effective for periods beginning on or after January 1, 2019, which replaces the current guidance in IAS 17, Leases (“IAS 17”), and is to be applied either retrospectively or using the modified retrospective approach. Early adoption is permitted, but only in conjunction with IFRS 15, Revenue from Contracts with Customers. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognize a lease liability reflective of future lease payments and a “right-of-use asset” for virtually all lease contracts, which will cause, with limited exceptions, most leases to be recorded on the statement of financial position. The Company does not expect the adoption of this new standard will impact its financial statements.

Financial Instruments and Other Instruments

The carrying amounts of cash and accounts payable approximate fair value because of the short-term maturity of these items.

Other Requirements

Summary of Outstanding Securities as at December 27, 2019

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 2,075,000 Shares (including 500,000 Shares held in escrow)

Warrants: None

Stock options: 200,000 @ \$0.20 per share.

Additional disclosures pertaining to the Company’s technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.