



PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTH PERIODS ENDED JUNE 30, 2018

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Three and nine months ended June 30, 2018

Set out below is a review of the activities, results of operations and financial condition of ProSmart Enterprises Inc. (formerly Sora Capital Corp.) (the "Company") for the three and nine months ended June 30, 2018. The discussion below should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine month periods ended June 30, 2018 and audited consolidated financial statements for the year ended September 30, 2017. These consolidated financial statements are the responsibility of management and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at August 27, 2018. The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the TSX Venture Exchange under the symbol PROS. Additional information related to the Company, is available on SEDAR at www.sedar.com. The Company's websites are at www.prosmartinc.com, and www.rosterbot.com.

1. BACKGROUND AND CORE BUSINESS

ProSmart Enterprises Inc. (formerly Sora Capital Corp.) ("ProSmart" or the "Company") is an investment company in the sports technology sector. The Company's investment strategy focuses on emerging technology companies, more specifically, companies with community facing products and services with revenue models that include premium subscriptions, payment processing, and targeted advertising & sponsorship within the sports industry.

The Company was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the Business Corporation Act. On July 12, 2017, the Company changed its name from Sora Capital Corp. to ProSmart Enterprises Inc. The Company has also moved its head office to Unit 302, 1353 Ellis Street in Kelowna, BC.

During the year ended September 30, 2017, the Company completed two acquisitions of sports technology companies being; RosterBot Inc. ("RosterBot"), and most recently, ProSmart Sports Development Inc. ("PSD"). On May 31, 2018, the Company purchased 100% of the issued and outstanding common shares of DL Hockey Consulting Limited ("DL Hockey") through the execution of a share exchange agreement and issuance of 170,620 common shares of the Company at a fair value of \$0.630 per common share for an aggregate cost of \$107,644.

With the acquisition of PSD, the Company was able to refine its focus and business strategy. The Company's goal is to develop and grow a global online network that connects sports fans, teams and brands. On May 7, 2018, the Company announced the two-phase launch of Sportgo™ (www.sportgo.com) ("Sportgo"), a digital online platform that represents the complete integration and rebranding of PSD's player development system with Rosterbot's team and league management tools. Phase 2 (slated for release in the Fall 2018) is the scheduled launch of the full suite of content creation, sharing and fan connectivity tools, as well as a proprietary technology (the "Marketplace Engine") that is used to amplify the reach of content across all major social media platforms. The Marketplace Engine will help the Company attract more users and grow sponsorship revenues for its Sportgo platform.

ProSmart's business model involves the formation of partnerships with major sports associations, leagues, clubs and influencers that involve the sharing of content, data and revenue generated on the Sportgo platform. This model is designed to engage the community and develop business relationships with the largest brands and sponsors within the sports marketplace. A recent example of this strategy is the partnership agreement with US Club Soccer, announced on May 23, 2018, which provides access to a community for 500,000 players and their families and friends in all 50 states. These partnerships enable ProSmart to position itself centrally in the sports marketplace as our user base grows and our technologies advance.

The Company assessed the attributes of each acquired company's products and identified synergies to promote and merge each these product offering. The Company also capitalized other efficiencies in areas such as human capital and streamlined various internal and business processes as it merged the RosterBot and PSD business units.

PSD has created a scalable Hockey and Soccer development platform, which offers the most comprehensive suite of customized practice plans, fully animated drills and personalized skill videos available on the web and on mobile devices. The platform's unique features include a WebCal/iCal personal schedule importer, CSV league schedule importer and single sign-on credentials for easy access to RosterBot's team and league management tools with one click.

The RosterBot app provides a team & league management platform, which offers the most comprehensive suite of team scheduling, bookkeeping, and collaboration tools available on the web and on mobile devices. These unique product attributes will be integrated and fully available in the company's Sportgo digital platform, which is also being designed to host further features in the fall of 2018 including the ability for users to post stories, pictures and videos.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Three and nine months ended June 30, 2018

DL Hockey is a leading hockey excellence program supported by the Sportgo Hockey Learning System. ProSmart is positioned through its acquisition of DL Hockey to build a scalable sports development and marketing company. The Company intends to deploy its sports development technology and intellectual property into China to build a gateway for high quality educational sports and player development content to help grow sports across China. DL Hockey is well positioned to capitalize on the rapidly expanding China government's winter sports development plan in preparation for the 2022 Winter Olympics.

The result of these and other advancements to the digital platforms has resulted in an increasing trend of new registered members, teams and leagues with usage now in over 100 countries that span over 1,500 registered governing bodies and associations.

ProSmart's business model also includes developing new revenue opportunities through targeted advertising & sponsorship within the sports industry. By forming mutually beneficial partnerships that allow for content, data and revenue sharing with large organizations such as US Club Soccer, the Company is uniquely positioned to deliver against this objective. ProSmart looks forward to a promising year ahead with continued improvements to its platforms, the implementation of new features and a continued focus on revenue development opportunities and community growth.

Sports Technology Marketplace

The sports industry is one of the biggest players in the entertainment market, with an estimated global value of more than \$1.3 trillion US.

The global youth and recreational sports industry is made up of over 1 billion athletes who participate in a variety of sports and it's far more than a niche leisure activity. The annual global spend across all sports consumption is \$145 billion US. The sports industry in the U.S. alone is projected to reach \$75 billion by 2019. Globally, there is an incredible appetite for all things sports and sports-related content. For the major networks, dollars allocated exclusively to sports programming have increased dramatically for these reasons. The North American sponsorship market is also worth \$19 billion with sports owning 67% of that.

The Sportgo brand and global online network has been designed to appeal across a broad range of users ranging from team sports participants, athletes, fans, influencers, organizations, leagues and brand sponsors. This broad base approach to the online sports industry is expected to allow ProSmart to consolidate youth and recreational sports participants into a financially viable and globally scalable sports marketplace.

Outlook and Future for ProSmart

ProSmart continues to meet with large, globally recognized sports organizations, leagues and clubs in an effort to form partnership agreements that focus on the sharing of content, data and revenue generated on the Sportgo online network. Target organizations share ProSmart's vision of growing athletes and their sports at a grass roots level. These organizations are drawn to Sportgo for its industry-leading training and coaching videos and unique functionality that allows users to connect on team/event logistics, share content and learn. They are also drawn to ProSmart's business model which allows them to gain valuable data and insights on their fan-base through the Marketplace Engine and maximize sponsorship revenues by amplifying their presence across the Sportgo network. The Company continues to be encouraged by the high level of interest in Sportgo by the vast majority of the organizations and leagues approached and is confident in its ability to form strategic partnerships that will grow our user base and revenue potential.

2. COMPANY HIGHLIGHTS DURING THE THIRD QUARTER OF FISCAL 2018

For the nine months ended June 30, 2018, the Company recorded:

- Income for the first time in the Company's history in the amount of \$74,364;
- Losses of \$3,805,974 (2017 - \$1,242,491), and;
- Fully diluted loss per share of \$0.15 (2016 – (\$0.03) for the nine months ended June 30, 2018.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Three and nine months ended June 30, 2018

On March 6, 2018, the Company consolidated its issued and outstanding shares totalling 95,802,087 pre-consolidation common shares to 23,950,539 post-consolidation common shares. The exercise price and number of shares issuable by way of options, warrants and RSU's of the Company will be proportionately adjusted to account for the share consolidation. All shares and per share amounts have been restated to reflect the share consolidation retrospectively.

On May 23, 2018 the Company announced a partnership agreement with US Club Soccer. US Club soccer is one of the largest associations within the United States Soccer Federation, has 500,000+ players and operates in all 50 States.

On April 20, 2018, the Company completed a non-brokered private placement for the sale of its common shares at \$0.35 per unit. Each unit will consist of one common share and one transferable common share purchase warrant, with each warrant exercisable into one additional share at a price of \$0.45 for a period of two years. The Company closed the placement receiving \$1,381,204 of proceeds and issuing 3,946,298 units.

On May 31, 2018, the Company purchased 100% of the issued and outstanding common shares of DL Hockey through the execution of a share exchange agreement and issuance of 170,620 common shares of the Company at a fair value of \$0.6309 per common share for an aggregate cost of \$107,644. As at June 30, 2018, DL Hockey's financial results were included in the condensed interim consolidated financial statements.

On June 25, 2018, the Company completed a brokered private placement for the sale of its common shares at \$0.35 per unit. Each unit will consist of one common share and one transferable common share purchase warrant, with each warrant exercisable into one additional share at a price of \$0.45 for a period of two years. The Company closed the placement receiving \$1,057,160 of gross proceeds and issuing 3,020,457 units.

On August 14, 2018, the Company announced a development partnership with JM3 Sports to develop an online lacrosse coaching and education platform within the Sportgo network. This partnership and the acquisition of DL Hockey allow ProSmart to be able to record top line revenue for the first time in its history.

In addition to the above, the Company also announced the appointment of Dave McAnerney joining the Company as COO as well as a partnership with Sportradar providing it access to premium sports data through Sportradar's Acceleradar program.

3. FINANCIAL POSITION

	As at June 30, 2018	As at September 30, 2017
Consolidated Summary of Financial Position		
Cash and cash equivalents	\$ 576,329	\$ 1,977,491
Current assets	901,357	2,057,572
Software and platform development	1,988,186	1,411,437
Goodwill	6,546,274	6,351,298
Total assets	9,454,646	9,824,339
Current liabilities	920,221	393,855
Total liabilities	960,221	448,855
Shareholders' equity	8,494,425	9,375,484
Working capital (deficiency)	\$ (18,864)	\$ 1,663,717

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Three and nine months ended June 30, 2018

3.1 Statement of Loss and Comprehensive Loss

	Three Months Ended		Nine Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
REVENUES	\$ 74,364	\$ -	\$ 74,364	\$ -
EXPENSES				
Amortization of software and platform development costs	41,906	284,101	208,045	322,901
Amortization of equipment	1,734	-	5,653	-
Filing and other fees	22,876	46,110	49,396	78,506
General and administrative	437,302	68,728	1,246,307	93,710
Investor relations	286,796	47,334	427,128	210,986
Management and consulting fees	231,458	6,491	638,546	44,491
Professional fees	92,073	151,019	210,211	187,041
Software and platform development	234,497	155,183	647,923	357,550
	(1,348,642)	(758,966)	(3,433,209)	(1,295,185)
OTHER ITEMS				
Financing income, net	172	-	4,482	-
Foreign exchange loss	(1,287)	-	(1,447)	-
Gain on write-off of debts	-	-	1,500	-
Impairment of goodwill	(5,000)	(5,000)	(15,000)	(15,000)
Share-based payments	(217,017)	-	(452,152)	-
Loss before taxes	(1,571,774)	(763,966)	(3,895,826)	(1,310,185)
Deferred income tax recovery	5,000	57,694	15,000	67,694
	(1,566,774)	(706,272)	(3,880,826)	(1,242,491)
Net loss	(1,492,410)	(706,272)	(3,806,462)	(1,242,491)
Other comprehensive income				
Foreign currency translation adjustment	488	-	488	-
Loss and comprehensive loss for the period	\$ (1,491,922)	\$ (706,272)	\$ (3,805,974)	\$ (1,242,491)
Loss and comprehensive loss for the period attributed to:				
Owners of the Company	\$ (1,491,922)	\$ (706,272)	\$ (3,805,974)	\$ (1,139,003)
Non-controlling interest	-	-	-	(103,488)
	\$ (1,491,922)	\$ (706,272)	\$ (3,805,974)	\$ (1,242,491)
Loss per share				
- basic	\$ (0.05)	\$ (0.01)	\$ (0.15)	\$ (0.04)
- diluted	\$ (0.05)	\$ (0.01)	\$ (0.15)	\$ (0.03)
Weighted average number of shares outstanding				
- basic	27,762,568	12,010,974	25,202,123	8,869,857
- diluted	27,762,568	12,135,974	25,312,123	8,994,857

3.2 Results of Operations for the three month period ended June 30, 2018

The loss for the three months ending June 30, 2018 was \$1,491,922 (2017 – \$706,272). The significant variance in the above are as follows:

- Amortization of software and platform development costs was \$41,906 (2017 - \$284,101). The decrease is due to an adjustment of amortization calculation for the third quarter for RosterBot software and PSD web platform. The amount of amortization recorded in future quarters is expected to normalize.
- General and administrative expenses were \$437,302 (2017 - \$68,728). The increase is due to the larger operations with the acquisition of PSD and the increase of operational activities over the previous year.
- Investor relation costs were \$286,796 (2017 - \$47,334) as the Company engaged some additional market support consultants and an investor relations firm to help promote the Company in the public markets.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Three and nine months ended June 30, 2018

- Management and consulting costs were \$231,458 (2017 - \$6,491) as the Company engaged some additional consultants to assist in business development, marketing and management of the operation.
- Software and platform development costs were \$234,497 (2017 - \$155,183) as the Company continues to develop and integrate the RosterBot app and PSD web platforms into the new Sportgo platform.
- Expenses associated with share-based payments increased to \$217,017 (2017 - \$nil) due to the calculated value of the options and RSU's allotted to directors, employees and consultants during the quarter.

Overall, the increase of expenditures for the three months ended June 30, 2018 as compared to 2017 are the result of the increased level of operations and activities for the Company as it continues to develop its business and Sportgo platform.

3.3 Results of Operations for the nine month period ended June 30, 2018

The loss for the nine months ending June 30, 2018 was \$3,806,462 (2017 – \$1,242,491). The significant expenses contributing to the increase in the loss are as follows:

- General and administrative expenses were \$1,246,307 (2017 - \$93,710). The increase is due to the larger operations with the acquisition of PSD and the increase of operational activities over the previous year.
- Investor relation costs were \$427,128 (2017 - \$210,986) as the Company engaged some additional market support consultants and an investor relations firm to help promote the Company in the public markets.
- Management and consulting costs were \$638,546 (2017 - \$44,491) as the Company engaged some additional consultants to assist in business development, marketing and management of the operation.
- Software and platform development costs were \$647,923 (2017 - \$357,550) as the Company integrated the RosterBot and PSD platforms into the new Sportgo Lite platform and engaged a 3rd party web and mobile app development company to accelerate development of its next generation sports community platform.
- Expenses associated with share-based payments increased to \$452,152 (2017 - \$nil) due to the calculated value of the options and RSU's allotted to directors, employees and consultants during the period.

Overall, the increase of expenditures for the nine month period ending June 30, 2018 over 2017 are the result of the increased level of operations and activities for the Company as it continues to develop its business and Sportgo platform.

3.4 Cash flows for the nine month period ended June 30, 2018

Cash outflows from operating activities were \$2,820,772 (2017 – \$1,084,218) primarily as a result of higher level of activity in the Company and with the development and growth of the business and its applications and web platform.

Cash inflows from financing activities were \$2,223,636 (2017 –\$2,502,129). The inflows were due primarily to the common share issuances that were completed in each respective period, offset with some short-term debts being repaid with the proceeds.

Cash outflows from investing activities increased to \$804,026 (2017 - \$526,391) as the Company purchased equipment and continued its investment in the development of its software and Sportgo platform.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis
Three and nine months ended June 30, 2018

3.5 Summary of Quarterly results

000's of dollars, except per share figures	Quarter ended							
	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Total revenue	\$ 74	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(1,492)	(1,271)	(1,043)	(1,041)	(706)	(251)	(285)	(718)
Loss per share - basic and diluted	\$ (0.05)	\$ (0.05)	\$ (0.05)	\$ (0.05)	\$ (0.06)	\$ (0.03)	\$ (0.05)	\$ (0.04)

3.6 Financial Position as at June 30, 2018

The Company's working capital position was in a deficit position of \$1,663,717 (September 30, 2017 - \$1,663,717) and cash balance was \$576,329 (September 30, 2017 - \$1,977,491). The Company used funds raised in prior year's private placements to operate the business, repay loans, pay down its accounts payable, and invest in long-term assets.

Software and platform development assets were \$1,988,186 (September 30, 2017 - \$1,411,437). Per management's assessment of the fair value of the assets transferred upon the acquisition of PSD, the Company recognized its web platform at a fair value of \$1,335,950.

Goodwill of \$6,546,274 (September 30, 2017 - \$6,351,298) relates to the acquisitions of RosterBot, PSD and DL Hockey. Per management's assessment of the fair value of the assets transferred upon the acquisitions of PSD and DL Hockey, the Company recognized \$6,296,298 and \$209,976 of goodwill respectively. During the nine months ended June 30, 2018, management assessed goodwill associated with Rosterbot and determined there was an impairment and reduced the balance by \$15,000.

Accounts payable and accrued liabilities increased to \$879,853 (September 30, 2017 - \$341,529). The increase is the result of the Company activities to raise additional capital, for business development and develop the Sportgo platform.

4. LIQUIDITY AND CAPITAL RESOURCES

The Company's continued development is contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan.

5. RELATED PARTY TRANSACTIONS

For the nine months ended June 30, 2018, the remuneration of the key management personnel, comprised of the directors and officers is as follows:

- Paid or accrued salaries for the current CEO of the Company and COO of a subsidiary of the Company in the amount of \$42,100 (2017 - \$Nil) and \$51,100 (2017 - \$Nil) respectively;
- Paid consulting fees of \$24,000 (2017 - \$Nil) to a company the current CFO controls;
- Paid professional fees for the provision of legal services of \$14,300 (2017 - \$Nil) to a law firm that a director of the Company practices through;
- Paid management fees of \$Nil (2017 - \$38,000) to a company controlled by the former CEO and director of the Company;
- Paid professional fees of \$Nil (2017 - \$18,000) to a company of which the former CFO of the Company is a director;
- Paid management fees of \$Nil (2017 - \$60,582) to a company controlled by the former CEO of RosterBot and former director of the Company which included numerous staff that allocated their time to the Company, and;
- Paid management fees of \$Nil (2017 - \$9,000) to a company controlled by a former director of the Company.

As at June 30, 2018, \$20,458 (2017 - \$174,240) is due to related parties and included in accounts payable and accrued liabilities.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis
Three and nine months ended June 30, 2018

6. CAPITAL EXPENDITURES

The Company monitors its capital assets on a continual basis and replenishes on an as needed basis. In the upcoming year, the Company will be required to make some purchases of computers and office equipment.

In addition, the Company will continue to develop its web platform capabilities and content. Expenditures in these regards are budgeted and closely monitored in relation to the capital resources on hand.

7. STOCK ISSUANCES

On March 6, 2018, the Company announced a 4:1 share consolidation of its common shares, warrants and outstanding options. All of the schedules within these condensed interim consolidated financial statements have been adjusted to show the adjustment retrospectively.

On April 20, 2018, the Company completed a non-brokered private placement for the sale of its common shares at \$0.35 per unit. Each unit consists of one common share and one transferable common share purchase warrant, with each warrant exercisable into one additional share at a price of \$0.45 for a period of two years. The Company closed the placement receiving \$1,381,204 of proceeds and issuing 3,946,298 units.

Also, on April 20, 2018, 84,885 common shares were issued for services as per a software development agreement. The common shares issued settled \$54,157 of services rendered at a fair value of \$0.638 per share.

On June 25, 2018, the Company completed a brokered private placement for the sale of its common shares at \$0.35 per unit. Each unit consists of one common share and one transferable common share purchase warrant, with each warrant exercisable into one additional share at a price of \$0.45 for a period of two years. The Company closed the placement receiving \$1,057,160 of gross proceeds and issuing 3,020,457 units. In connection with the financing, the Company paid an agents commissions of \$84,573 and issued 241,636 of broker warrants to the agent. Each broker warrant entitles the holder to purchase one broker unit at an exercise price of \$0.35 until June 25, 2020. Each broker unit is comprised on one common share and one non-transferable broker warrant. Each broker warrant is exercisable into an additional share at \$0.45 until June 25, 2020. In addition, the Company paid the agent a work fee of 100,000 common shares of the Company.

On May 31, 2018, the Company issued 170,620 common shares at a fair value of \$0.631 per common share on the acquisition of DLH.

During the nine months ended June 30, 2018, the Company issued 79,625 common shares upon the exercise of options at \$0.48 per share for proceeds of \$38,220 as well as 437,500 common shares upon the exercise of restricted share units.

8. COMMITMENTS AND CONTINGENCIES

The Company has entered into a lease commitment for office space which will require the following payments:

- \$20,304 in the fiscal year ended September 30, 2018
- \$81,216 in the fiscal year ended September 30, 2019
- \$33,840 in the fiscal year ended September 30, 2020

The Company has also entered into spokesperson agreements where it was agreed to pay the spokesperson a royalty on income and commissions on increasing user base. As at June 30, 2018, no royalties were paid or accrued for.

9. OUTSTANDING SHARE DATA

At the date of this report the Company has 31,722,799 issued and outstanding common shares, 973,750 outstanding stock options, 241,636 broker units, and 9,812,246 outstanding warrants.

Of the issued and outstanding common shares, 4,767,599 common shares held under a voluntary pooling agreement.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis
Three and nine months ended June 30, 2018

10. PROPOSED TRANSACTIONS

The Company has no proposed transactions.

11. CRITICAL ACCOUNTING ESTIMATES

The preparation of the June 30, 2018 consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

- i. Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.
- ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

Critical accounting judgments

- i. The acquisition of the investment in PSD and RosterBot required judgments and estimates to be made at the date of acquisition in relation to determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. Management is required to make certain judgments regarding future events, future operating costs and capital expenditures.
- ii. The determination that the Company will continue as a going concern for the next year.
- iii. The application of the Company's accounting policy for software and platform development expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive loss in the period the new information becomes available.
- iv. When testing intangible assets for impairment, the Company considers software in development and web platform to be one cash-generating unit in its estimate of fair value and future cash flows of the assets.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Three and nine months ended June 30, 2018

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash is carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities and short-term loans payable approximated their fair value because of the short-term nature of these instruments. Long-term loans payable are accounted for under the effective interest rate method.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables mainly consist of Goods and Service Tax receivable from the government of Canada.

Liquidity risk

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at June 30, 2018, the Company had a cash balance of \$576,329 (September 30, 2017 - \$1,977,491) to settle current liabilities of \$920,221 (September 30, 2017 - \$393,855). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating alternative financing opportunities.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. The Company does not have a practice of trading derivatives.

13. RISK FACTORS

Prior to making investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

Potential Acquisitions and Investments

The Company expects to continue acquiring or investing in businesses, products and technologies that expand or complement the Company's current business, products and services. Such acquisitions or investments may involve significant commitments of financial or other resources of the Company. There can be no assurance that any such acquisition or investment can be satisfactorily financed or, if acquired, will generate revenue, income or other returns for the Company, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Company's administrative and operational resources and its ability to manage growth.

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis
Three and nine months ended June 30, 2018

Financial Condition, Liquidity, and Requirements Outlook

The Company's cash balance and working capital position are not adequate to sustain the Company's existing operations. If the Company is unable to continue to raise capital from issuances of shares, loans or by other means, its cash and working capital position could be affected.

Major Contracts

The Company has and may enter into major contracts that are complex and have several delivery milestones. These contracts are often subject to delay, change, revision and renewal. There is no guarantee that the Company can complete all activities on time and on budget and that the funding available will be adequate to meet adjustments to the contract. Failure by the Company to fulfill such contracts on a timely basis is a significant risk to the Company.

Risk to Reputation

Reputation is a critical asset in the investment industry. Potential damage to that reputation is a significant risk for the Company. Any of the risks identified herein could damage the Company's reputation, which in turn, could result in a lack of client or employee confidence, legal liability and difficulties in raising capital.

Risks Related to Investments

The Company intends to expand its operations and business by investing in additional businesses, products or technologies. Investments may involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities. In addition, there can be no assurance that the businesses, products or technologies, if any, will achieve anticipated revenues and income. Investments could also result in potentially dilutive issuances of equity securities. The failure of the Company to manage its investment strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

Dependence on Key Personnel

The success of the Company is largely dependent on the performance of its key senior management employees. Failure to retain key employees and to attract and retain additional key employees with necessary skills could impact the Company's growth and profitability. The Company's progress to date in commercializing its proprietary products has been dependent, to a significant extent, on the skills of its senior management. The departure or death of certain members of the executive team could have an adverse effect on the Company. The Company has experienced changes in its management personnel and further changes may occur in the future. The Company may face transitional difficulties in connection with these changes, and there can be no assurance that the Company will be able to attract and retain highly-skilled and qualified personnel to replace employees who leave the Company.

Industry Growth

There can be no assurance that the market for the Company's existing products will continue to grow or that the Company will be successful in independently establishing markets for its products. If the markets in which the Company's products compete fail to grow or grow more slowly than the Company currently anticipates, or if the Company is unable to establish markets for its new products, the Company's operating results and financial condition could be adversely affected.

Economic Slowdown

From time to time markets have witnessed the weakening of global macro-economic conditions. This weakness could have adverse effects on the investments of the Company's ability to continue as a going concern.

Management of Future Growth and Expansion

Planned expansion of the Company's business and its future success will depend on its ability to manage growth as it expands its products and marketing capacities, which may place a significant strain on the Company's management resources, employees and operations, as well as its ability to finance such growth. To manage growth effectively, the Company will be required to continue to implement changes in certain aspects of its business, expand its operations, and develop, train, manage and assimilate an increasing number of management-level and other employees. If management is unable to manage growth effectively, the Company's business, prospects, financial condition and

ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Three and nine months ended June 30, 2018

operating results could be affected. The Company does not have a history of business operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

Legislative, Insurance, Compliance Costs, Regulatory Action and Environment

To comply with various increasing and complex regulatory reporting and standards involves significant cost. Changes to securities regulatory standards, account policy, and compliance reporting could place an additional expense burden on the Company. Insurers may increase premiums as the Company's business continue to grow so future premiums for the Company's insurance policies, including directors' and officers' insurance policies, could be subject to increase.

14. OFF BALANCE SHEET ARRANGEMENTS

At June 30, 2018, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

15. INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of gold and other metals, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, Government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve 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 the forward-looking statements. Such risks and uncertainties include, among others; the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.