

**ARMADA MERCANTILE LTD.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2020**

1.1 Date of Report: August 13, 2020

1.2 Overall Performance

Nature of business and Overall Performance

Armada Mercantile Ltd. (Armada) has been a publicly-traded company in Canada since 1987. Armada is a financial services, trade finance and relational broker dealer company that focuses on merchant banking, primarily through its wholly-owned subsidiary Armada Group USA, Inc. Armada's shares are listed for trading on the Canadian Stock Exchange (symbol: ARM) and in the United States (symbol: AAMTF). Armada provides specialized merchant banking, broker-dealer, venture lending and corporate finance services internationally, as well as advising clients on corporate structure, strategy, mergers and acquisitions and raising capital.

Current Operations

Armada has four sources of business generated by three operating subsidiaries and one relational company: (i) Armada Group USA, Inc. (ArmadaUSA) and (ii) Redrock Trading Partners, LLC (Redrock), (iii) Oxygen Funding, Inc. and (iv) Empire Factors, LLC.

1. ArmadaUSA is engaged in the financial services business and utilizes two complementary approaches to achieve its goals. These approaches are advisory services and the merchant banking marketplace for publicly-traded and privately held companies. ArmadaUSA's advisory services complement its capital formation, commercial finance and relational broker-dealer divisions. ArmadaUSA provides advisory services to client companies seeking to raise capital. These advisory services are performed by an in-house staff of professionals and include corporate structure evaluation and strategy, business planning, private and public capital raise advice, such as how to properly raise capital, preparation of proper offering documentation as a service and follow on corporate consulting services. ArmadaUSA's primary focus is centered on established companies that possess some or all of the following characteristics: capable and experienced management, steady customer base, recurring revenue, ability to repay debt, exponential growth potential, contracts, assets or other collateral, fragmented industries, disruptive technology and proprietary or a patented product. Companies possessing these criteria can then serve as potential broker dealer, advisory and factoring clients. ArmadaUSA endeavors to bring its clients the widest possible range of ideas and services. These include public and private equity, developing innovative products and strategies that broaden capital formation opportunities including factoring, equipment leasing, private placements, corporate debt securities, corporate finance, mezzanine financing, direct public offerings and mergers and acquisitions. Additionally, ArmadaUSA, through its broker-dealer network, is capable of providing corporate clients with Form 10, Form S-1, Form 15C211 and DTC Eligibility filings along with market making capabilities. For more information, please visit: www.armadamercantile.com

2. Armada provides broker-dealer products and services through its relationship with Redrock Trading Partners, LLC (Redrock). Redrock is a fully licensed broker-dealer providing value to investors, entrepreneurs and businesses. Redrock is a FINRA member assisting investors and corporations around the world in planning investment strategies and raising capital in the public and private equity markets.

3. Armada, through its investment in Oxygen Funding, Inc., offers commercial finance services to companies internationally including account receivables "factoring", supply chain, revenue lines of credit and other types of specialized finance. Additionally, Oxygen Funding, Inc. is a trade finance company specifically created to source capital, purchase new client A/R and purchase existing A/R portfolios. Please visit: www.oxygenfunding.com

4. Armada, through its ownership subsidiary Empire Factors, LLC, offers commercial finance services to companies primarily in New York and New Jersey including account receivables “factoring”, supply chain, and revenue lines of credit. Please visit: www.empirefactors.com

During the Year Ended February 29, 2020

During the year period ended February 29, 2020, here are a few highlights for Armada’s commercial finance business, which was zero outstanding and size as of January 2018:

1. During the period, through our affiliated company, the monthly (purchased accounts receivables or financed invoices) outstanding, which fluctuates each month, was approximately \$6,000,000.
2. The projected 2021 total outstanding, based upon 12 months from the period, is projected to be \$15,000,000.
3. Cash on hand or committed capital for finance purposes has increased to approximately \$11,000,000 (Since 2007, Oxygen has purchased approximately \$127,000,000 of accounts receivables).
4. Empire Factors, LLC continues to seek new clients and grow its commercial finance business.

Management continued to expand and grow business activities in commercial finance, which included raising non-dilutive capital and sourcing new client deal flow. Oxygen Funding, Inc. (California Finance Lenders & Brokers license #603-G957) and Empire Factors (New York and New Jersey licensed) are fully licensed trade finance lenders. Our commercial finance business supports our goal of growing a substantial finance business in factoring, supply chain, revenue lines of credit nationwide. Our underwriting infrastructure for servicing commercial finance transactions as well as on hand capital to fund client transactions is sufficient to grow to expectations (Our goal for year end 2021 is to achieve \$15,000,000 in revolving invoice purchases). This trend of growing our finance capabilities should continue for the coming quarters in order to build a solid portfolio that will generate cash from funding transactions to provide the potential for paying dividends on a quarterly basis. Additionally, we anticipate increasing revenues and cash upon the liquidation of our portfolio companies where those assets remain an unrealized capital gain. Historically, our pipeline of potential capital formation transactions has increased fee-based income and our portfolio companies potentially providing additional asset growth and income. Management’s examination of the 2020 client and portfolio company pipeline seems to point to additional earnings due to promising business opportunities from future capital raises, commercial finance, Form S-1 and 15c211 activity, and advisory services. We continue our business consulting services while providing analysis, investment consulting, capital access consulting, and strategic business and planning. We have the experience and knowledge in the strategic planning, organizing, financing, marketing and operation of “development stage” companies. Client companies benefit from the strategic advice, management consultation services, corporate structure, business expertise, and investment contacts of Armada.

Operation Plan

During the year period ended February 29, 2020, Armada sourced and serviced new clients for its consulting and advisory services, Broker Dealer, and commercial finance divisions. We plan to expand our trade finance business beyond its current capabilities. Oxygen Funding, Inc. and Empire Factors, LLC, are affiliated companies that market to growth-oriented businesses nationwide that are unable to secure adequate bank financing and serve those businesses when bankers do not wish to. We are direct lender licensed in California (Finance Lenders License through the Department of Business Oversight license #603-G957), New York and New Jersey. We are licensed to lend to small businesses and also act as a broker to negotiate rate and terms for a client with other lenders.

Management

Three senior executives, Patrick Cole and Mark Varley who have worked together for the past seventeen years, and Michelle Cole, manage Armada.

Armada's senior management of whom Patrick Cole is involved in the identification, structuring and management of Armada's investments. Armada in-house staff handles all aspects of investments, underwriting, servicing, capital raise and broker-dealer services. Armada utilizes the services of long-term relationships with lawyers, auditors, consultants, analysts and bankers to provide services to its clients. Armada's Board of Directors has broad experience in the commercial finance, broker-dealer, venture-lending and advisory services process in wide ranging industrial sectors including retailing, construction, consumer products, natural resources, aviation, technology, energy and manufacturing. Our staff and numerous transaction facilitators provide market making, From S-1, Form 15c211, stocks, bonds, IPO's and public markets mergers and acquisitions.

1.3 Selected Annual Information

<u>Fiscal Year Ended</u>	<u>29-Feb-209</u>	<u>28-Feb-19</u>	<u>28-Feb-18</u>
Net Sales or Revenue	\$165,917	\$145,534	\$76,154
Income (Loss)	(267,894)	(19,373)	63,692
Basic and diluted income (loss per share)	(.02)	(.001)	.03
Net Income (Loss)	(267,894)	(19,373)	63,692
Basic and diluted net income (loss) per share	0	0	0
Total Assets	22,096	285,358	306,652
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	Nil	Nil	Nil

1.4 Results of Operations

For the Year Ended February 29, 2020

Revenue and Interest Income

For the year ended February 29, 2020, the Company reports revenue of \$165,917 (2019 - \$145,534), unrealized decrease (increase) in market securities of \$207,292 (2019 - \$(37,892) and a net and comprehensive loss of (\$267,894) (2019 - \$19,373). Net loss increased from a loss of \$(19,373) in 2019 to (\$267,894) for the year ended February 29, 2020. The increase in net loss of \$248,521 over prior year is primarily due to an increase in unrealized loss of \$245,184 despite an increase in revenue of \$20,383 over prior year.

Administrative and Other Expenses

During the year ended February 29, 2020 total administrative expenses excluding “Unrealized increase/decrease in marketable securities”, and “Foreign exchange gain/loss” were \$247,312 compared to \$196,805 for the year ended February 28, 2019, an increase of \$50,507. The primary driver was increase in management fees of \$42,452. Revenue has increased by \$20,383 from the same period in the prior year. Major increases (decreases) in administrative expenses were attributed to:

Bank charges and interest	8,499
Listing and transfer agent	(543)
Management fees and expenses (Note 6)	42,452
Office supplies and miscellaneous	4,479
Professional fees – (Note 6)	(212)
Rent – (Note 6)	274
Travel	4,045

There was cash \$11,425 at February 29, 2020 compared to cash of \$22,470 at year end February 28, 2019 while total current assets were \$22,096 as at February 29, 2020 compared to \$285,358 at year end February 28, 2019.

In the past, the Company’s activities have been funded through the sale of share capital and loans from insider individuals and investor. The Company will require additional injections of capital in order to expand its merchant banking and venture lending business while meeting ongoing obligations. However, currently, short-term needs are being met through increased consulting fee revenue and broker dealer fee income.

1.5 Summary of Quarterly Results

Armada’s revenue for the year increased by \$20,383 compared to the same period last year. All outstanding Notes Receivable are classified as impaired when there is no longer reasonable assurance of the timely collection of outstanding advances. In determining the provision for possible note receivable losses, management considers the length of time the loans have been outstanding, whether they are in arrears, the overall financial strength of the borrower and the residual value of security pledged. If necessary, a provision for losses on impaired notes receivable is made to reduce the carrying amount to the estimated realizable amount.

	Feb. 20	Nov. 19	Aug. 19	May. 19	Feb. 19	Nov. 18	Aug. 18	May. 18
Total Revenue	\$ (53,857)	\$ (24,114)	\$ (45,905)	\$ (42,041)	\$ (40,465)	\$(50,149)	\$(35,376)	\$(19,544)
Loss (Profit)	\$ (28,407)	\$ (64,574)	\$ (124,543)	\$ (50,730)	\$ (138,590)	\$73,405	59,685	(13,872)
Basic and diluted Loss (Profit) per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Loss (Profit)	\$ (28,407)	\$ (64,574)	\$ (124,543)	\$ (50,730)	\$ (138,590)	\$ 73,405	\$59,685	\$(13,872)
Basic and diluted Net Loss (profit) per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

CEO and CFO have also concluded that the Company’s internal controls over financial reporting are designed effectively to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting practices.

While there were no changes that occurred during the current period that have materially affected the Company's internal control procedures, the CEO and CFO will continue to attempt to identify areas to improve controls and intend to incorporate such improvement over the next year.

The Company's President & Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

In accordance with the requirements of National Instrument 52-109, Certification and Disclosure in the Company's annual and interim filings, evaluations of the design and operating effectiveness of disclosure controls and procedures and the design effectiveness of internal control over financial reporting were under the supervision of the CEO and CFO as of the end of the period covered by this report.

1.6 Liquidity and Capital Resources

Because of the Company's limited operating history in the financial services business it has yet to generate any significant revenues from our financial services platform although consulting and fee income continues to remain stable while potential fee income from signed clients is expanding as disclosed in the Company's news releases. At February 29, 2020 the Company had working capital deficiency of \$67,672 and cash of \$11,425 compared to a February 28, 2019 working capital of \$197,797 and cash of \$22,470. The Company's activities have been limited to the "factoring" business, development of Redrock Trading Partners, LLC, Armada USA advisory services and the negotiation of various potential acquisitions. Consequently, the Company continues to incur working capital and growth expenses while creating profits from fee income and unrealized gains from portfolio company stock positions. The Company's future financial results will depend primarily on: (i) the ability to continue to source and screen potential acquisitions; (ii) the ability to develop existing services and profit from fee income and unrealized gains (iii) the ability to fully maintain and grow an affiliated group of financial services businesses. There can be no assurance that we will be successful in any of these respects, or that we will be able to obtain additional fee income or funding to increase our current capital resources.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with its financial liabilities as they fall due. The Company's objective is to ensure that sufficient financial resources are available to meet its short-term business requirements for a minimum of twelve months. The Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures.

As at February 29, 2020, the Company had a cash balance of \$11,425 (February 28, 2019 – \$22,470), marketable securities of \$10,294 (February 28, 2019 – \$262,387) and total liabilities of \$89,767 (February 28, 2019 – \$87,560).

To execute its planned operational program for the next twelve months, the Company believes sufficient cash will be generated from income from its commercial finance ownership companies. If more capital is needed the Issuer may need to raise additional funds through the issuance of equity or debt instruments or the sale of assets. If necessary, the Company believes that sufficient funds can be raised from private placements to meet its operating requirements, after taking into account existing cash, subsidiary income, short-term investments and expected exercise of stock options and share purchase warrants.

The Company finances its operations principally through income generated from its commercial finance ownership companies. Although the Company has been successful in maintaining cash flow and raising funds, there can be no assurance that capital will be accessible to the Company at the times and in the amounts required to fund the Company's activities. In these uncertain times, the Company carefully monitors its expenditure and cash flows. The Company anticipates that it will continue to rely on current

income and equity markets to raise additional funds when needed.

Current Period Financing

During the year ended February 29, 2020, there were no share transaction activities.

Prior Year Financing

During the year ended February 28, 2019, the share activities were as follows:

On May 22, 2018, the Company completed a non-brokered private placement of 133,000 common shares at US\$0.15 per share.

1.7 Capital Resources

For the period under review, the Company's activities have been funded through consulting and fee revenues, and other income, which have increased by \$20,383 over the same period last year. The current trend has increased the likelihood about the Company's ability to continue as a going concern. If this trend continues, the continuation of the Company would be dependent upon the continuing fee income and, if necessary, financial support of related party funders, shareholders and creditors. Attaining and maintaining profitable operations has increased from the prior year mainly due to fees from clients. The Company may require additional injections of capital in order to expand its consulting, brokering and trade finance business. However, currently, short-term needs are being met through consulting and fee income generation and potential future income from the sale of unrealized gains from "portfolio companies" owned by the Company. As the Company continues to expand in the financial services industry, it anticipates continued positive operating gains over the next twelve months and the possibility of profitability for the year ending February 28, 2021. The Company's lack of recurring revenue makes predictions of future operating results difficult to ascertain. The Company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in fee-based businesses.

1.8 Off-Balance Sheet Arrangements

At February 29, 2020, the Company had no off-balance sheet arrangements such as guarantee contracts, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

1.9 Transactions with Related Parties

During the year ended February 29, 2020, management fees of \$123,974, rent of \$12,726 and expense reimbursement of \$19,401 were paid or accrued to Mr. Patrick Cole, President and Director of the Company. The Company historically has paid management fees to Patrick Cole in Canadian dollars but due to the decline against the United States dollar, effective for the quarter ended November 30, 2015, the Company began paying management fees in United States dollars.

1.10 Fourth Quarter

During the year period ended February 29, 2020, through our affiliated company, the monthly (purchased accounts receivables or financed invoices) outstanding, which fluctuates each month, was approximately \$6,000,000. The projected 2021 total outstanding, based upon 12 months from the period, is projected to be \$15,000,000. Cash on hand or committed capital for finance purposes has increased to approximately \$11,000,000 (Since 2007, Oxygen has purchased approximately \$127,000,000 of accounts receivables). Empire Factors, LLC continues to seek new clients and grow its commercial finance business.

Management continued to expand and grow business activities in commercial finance, which included raising non-dilutive capital and sourcing new client deal flow. Oxygen Funding, Inc. (California Finance Lenders & Brokers license #603-G957) and Empire Factors (New York and New Jersey licensed) are fully licensed trade finance lenders. Our commercial finance business supports our goal of growing a substantial finance business in factoring, supply chain, revenue lines of credit nationwide. Our underwriting infrastructure for servicing commercial finance transactions as well as on hand capital to fund client transactions is sufficient to grow to expectations (Our goal for year end 2021 is to achieve \$15,000,000 in revolving invoice purchases).

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

Revenue Recognition:

IFRS 15, Revenue from Contracts with Customers, was adopted on March 1, 2018. The standard introduces a single, principles based, five-step model for the recognition of revenue when control of goods is transferred to the customer. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied. IFRS 15 also requires enhanced disclosures about revenue to help users better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The Company evaluated the effect the standard had on its revenue recorded in its consolidated financial statements and determined there is no impact to the timing or amounts of revenue recognized in its consolidated statement of loss and comprehensive loss.

The Company generates revenue primarily from commission sales of factoring contracts and consulting. Invoices are generated and revenue is recognized at that point in time.

Leases

IFRS 16 introduces a single lessee accounting model and requires lessees to recognize assets and liabilities for all leases, except when the term is 12 months or less or when the underlying asset has a low value. The Company recognizes a right-of-use asset and a lease liability for its leases with lease terms greater than one year. The right-of-use asset is measured at cost and depreciated over its estimated useful life. At the commencement date, the lease liability is measured as the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or if that rate cannot readily be determined, the Company's incremental borrowing rate. If the lease terms are subsequently changed, the present value of the lease liability is remeasured using the revised lease terms and applying the appropriate discount rate to the remaining lease payments. The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the remeasurement in profit or loss.

The Company is currently assessing the impact that these standards will have on the Company's financial statements and have identified no leases having a term of more than 12 months. The Company will not elect to classify a short-term lease or low value lease as a right-of-use asset. The Company adopted these standards for the Company's reporting period ended February 29, 2020.

1.13 Financial Instruments and Other Instruments

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income (“OCI”), or through profit or loss), and
- Those to be measured after initial recognition at amortized cost.

The classification depends on the Company’s business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified its cash at fair value through profit or loss. The company’s GST receivable and advances are held at amortized cost.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVTPL”), the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through OCI (“FVOCI”):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is

subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period which it arises.

Impairment of Financial Assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the risk has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities, loans payable, due to related parties, lease liability and convertible notes as financial liabilities held at amortized cost.

The adoption of IFRS 9 did not impact the carrying value of any financial asset or financial liability on the transition date. The table below illustrates the change in classification of the Company's financial instruments under IAS 39 and IFRS 9.

Line Item	IFRS 9	IAS 39	
	New Classification	Original Classification	Measurement Model
Cash	FVTPL	FVTPL	FVTPL
Marketable securities	FVTPL	FVTPL	FVTPL
Accounts payable & accrued liabilities	Amortized cost	Other liabilities	Amortized cost
Due to related parties and notes payable	Amortized cost	Other liabilities	Amortized cost

Measurement of the fair value of financial instruments is made under a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data

At February 29, 2020, the levels in the fair value hierarchy into which the Company's financial assets and liabilities measured and recognized in the balance sheet at fair value are categorized as follows:

	Level 1	Level 2
Cash & cash equivalents	\$ 11,425	-
Marketable securities	\$ 10,294	-

1.14 Other MD&A Requirements

Additional Disclosure for Venture Issuers without Significant Revenue:

See also the Company's Audited Consolidated Statements of Operations and Deficit for the year ended February 29, 2020 forming part of the Audited Consolidated Financial Statements for a breakdown of the material components of the Company's general and administrative expenses for the period. See also Item 1.2 "Overall Performance" above.

Disclosure of Outstanding Share Data:

As at February 29, 2020 and the date of this report, the Company's authorized and issued capital was as follows:

1. Share capital: Authorized: Common: 200,000,000 shares without par value.

Issued: Common: 17,951,134 - \$6,892,028

2. Share capital: Authorized: Preferred: 100,000,000 shares without par value.

Issued: Preferred: NIL

Subscribed: 556,113 Preferred.

3. Options and warrants outstanding:

During the year ended February 29, 2020, the Company granted 20,000 incentive stock options outstanding exercisable at CAD \$0.30 and expiring on May 27, 2021. The Company used the Black-Scholes option pricing model to determine the fair value of the options granted during the year ended February 29, 2020 with the following assumptions:

- weighted average risk free interest rate	<u>2020</u> 1.55%
- dividend yield of	0.00%
- volatility of	103.38%
- an expected life	2 years

Stock options outstanding: 20,000

As at the date of this report and as at August 13, 2020, there were no share purchase warrants outstanding.

MANAGEMENT'S RESPONSIBILITY AND OVERSIGHT

The disclosures and information contained in this MD&A have been prepared by the management of the Company. Management has implemented and maintained a system of controls and procedures to ensure the timeliness and accuracy of information disclosed in the MD&A.

ADDITIONAL INFORMATION

See Company listing on SEDAR at www.sedar.com

Additional Information: Additional information relating to the Company is available on SEDAR at www.sedar.com.

This management discussion and analysis for the year ended February 29, 2020 has been approved by the Board of Directors of the Company.