ARMADA MERCANTILE LTD.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2019

1.1 Date of Report: June 28, 2019

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 compliment 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 ownership subsidiary Oxygen Funding, Inc., offers commercial finance services to companies internationally including account receivables "factoring", supply chain, equipment leasing, merchant cash advance, and purchase order 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 Quarter

During the year ended February 28, 2019, here are a few highlights for Armada's commercial finance business, which was zero outstanding and size as of February 2018:

1. Monthly (purchased accounts receivables or financed invoices) outstanding and size, which fluctuates each month, reached $4,200,000.

2. Total 2019 outstanding and size, based upon 12 months year to date, is projected to be $10,971,679. 3. Cash on hand or committed capital for finance purposes has increased to approximately $5,000,000 (Since 2007, Oxygen has purchased approximately $110,000,000 of accounts receivables).

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 and equipment leasing customers 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 2019 is to achieve monthly volume of $10,000,000). 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 and 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 have increased fee based income and our portfolio companies potentially providing additional asset growth and income. Management's examination of the 2019 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 end period ended February 28, 2019, 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

Fiscal Year Ended	28-Feb-19	28-Feb-18	28-Feb-17
Net Sales or Revenue	$145,534	$76,154	$119,299
Income (Loss)	(19,373)	63,692	($481,531)
Basic and diluted income (loss per share)	(.001)	.03	($0.03)
Net Income (Loss)	(19,373)	63,692	($481,531)
Basic and diluted net income (loss) per share	0	0	($0.03)
Total Assets	285,358	306,652	$159,542
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 28, 2019

Revenue and Interest Income

For the year ended February 28, 2019, the Company reports revenue of $145,534 (2018 - $76,154), unrealized decrease (increase) in market securities of $(37,892) (2018 - $(153,790) and a net comprehensive loss of ($19,373) (2018 - $63,692). Net loss decreased from an income of $63,692 in 2018 to ($19,373) for the year ended February 28, 2019. The decrease in net income of $83,065 over prior year is primarily due to a decrease in unrealized gain of $115,898 despite an increase in revenue of $69,380 over prior year.

Administrative and Other Expenses

During the year ended February 28, 2019 total administrative expenses excluding “Unrealized increase/decrease in marketable securities”, and “Foreign exchange gain/loss” were $202,799 compared to $166,252 for the year ended February 28, 2018, an increase of $36,549. Revenue has increased by $69,380 from the same period in the prior year. Major increases (decreases) in administrative expenses were attributed to:

Bank charges and interest	796
Listing and transfer agent	1,502
Management fees and expenses (Note 6)	9,689
Office supplies and miscellaneous	1,955
Professional fees – (Note 6)	553
Referral fees	7,845
Rent – (Note 6)	95
Telephone	(606)
Travel	2,134

There was cash $22,470 at February 28, 2019 compared to cash of $5,483 at year end February 28, 2018 while total current assets were $285,358 compared to $306,652 at year end February 28, 2018.

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 $69,380 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. 18	Nov. 18	Aug. 18	May. 18	Feb. 18	Nov. 17	Aug 17	May 17
Total Revenue	$ (40,465)	$(50,149)	$(35,376)	$(19,544)	$(14,384)	$(26,631)	$(21,151)	$(13,988)
Loss (Profit)	$ (138,590)	$73,405	59,685	(13,872)	$(27,902)	$(201,186)	$ 80,091	$ 85,305
Basic and diluted Loss (Profit) per share	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00
Net Loss (Profit)	$ (138,590)	$ 73,405	$59,685	$(13,872)	$(27,902)	$(201,186)	$ 80,091	$ 85,305
Basic and diluted Net Loss (profit) per share	0.00	0.00	0.00	0.00	0.00	0.01	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 28, 2019 the Company had working capital of $197,797 and cash of $22,470 compared to a February 28, 2018 working capital of $191,470 and cash of $5,483. The Company's activities have been limited to the "factoring" business, development of Redrock Trading Partners, LLC, ArmadaUSA 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 28, 2019, the Company had a cash balance of $22,470 (February 28, 2018 – $5,483), marketable securities of $262,387 (February 28, 2018 – $300,788) and total liabilities of $87,560 (February 28, 2018 – $115,181).

To execute its planned operational program for the next twelve months, the Company will need to raise additional funds through the issuance of equity or debt instruments or the sale of assets. The Company ensures that sufficient funds are raised from private placements to meet its operating requirements, after taking into account existing cash, short-term investments and expected exercise of stock options and share purchase warrants.

The Company finances its operations principally through equity financing. Although the Company has been successful in raising funds, there can be no assurance that equity funding 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 equity markets to raise additional funds when needed. Debt financing has not been used to fund property acquisitions and exploration; the Company has no current plans to use debt financing.

Current Period 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.

Prior Year Financing

During the year ended February 28, 2018, the share activities were as follows:

On May 22, 2017 the Company completed a non-brokered private placement consisting of 200,000 Units at a price of US$0.105 per Unit. Each Unit is comprised of one share of common stock and one common stock purchase warrant, with each whole Warrant entitling the holder to purchase an additional share of common stock for up to one year following its date of issue at a price of US$0.105 per warrant 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 $69,380 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, 2019. 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 28, 2019, 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 28, 2019, management fees of $81,522, rent of $12,453 and expense re-imbursement of $16,767 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 ended February 28, 2019, here are a few highlights for Armada's commercial finance business, which was zero outstanding and size as of February 2018:

1. Monthly (purchased accounts receivables or financed invoices) outstanding and size, which fluctuates each month, reached $4,200,000.

2. Total 2019 outstanding and size, based upon 12 months year to date, is projected to be $10,971,679. 3. Cash on hand or committed capital for finance purposes has increased to approximately $5,000,000. (Since 2007, Oxygen has purchased approximately $110,000,000 of accounts receivables)

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 and equipment leasing customers 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 2019 is to achieve monthly volume of $10,000,000). 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 and 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 have increased fee based income and our portfolio companies potentially providing additional asset growth and income. Management's examination of the 2019 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.

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

Revenue Recognition:

Interest revenue earned on merchant banking loans is recognized on the accrual basis as earned and when such interest and returns on the loans can be reliably measured in terms of cash or assets readily measured in terms of cash. Certain non-monetary compensation received or receivable pursuant to these loan agreements has not been recognized as assets received or receivable as they are not yet reliably measurable. Interest revenue is not recognized on impaired loans. When a loan is classified as impaired, interest income is recognized on a cash basis only, after specific provisions for write-offs have been recovered and provided there is not further doubt about collectability of the principal balances.

Loan commitment, origination or renegotiation fees are recognized as interest revenue over the term of the loan.

Income from consulting services is recognized in the period in which the services are provided. Fees for contract execution are recognized as other income when the fees are earned.

Income from factoring contracts is realized when earned.

1.13 Changes in Accounting Policies including Initial Adoption

In 2004 the Company added as an expense an estimate for stock-based compensation. This was a new requirement for the year ending 2004. This was more of a change in rules than a change in accounting policy. The Company has not initiated any change in accounting policy since 2004.

1.14 Financial Instruments and Other Instruments

New standards, interpretations and amendments

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 and concluded that the adoption of IFRS 9 did not affect the current classification of Company's financial assets and financial liabilities.

Based on management's detailed review and analysis the effect of adopting of IFRS 9 had an immaterial effect on the opening retained earnings as at March 1, 2018.

FINANCIAL INSTRUMENTS

Fair value

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: Valuations based on quoted prices, unadjusted, in active markets for identical assets or liabilities; Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The amounts for cash and accounts payable and accrued liabilities approximate fair value due to the short-term nature of these items. Cash, marketable securities and other investments are measured using the fair value hierarchy as follows:

FINANCIAL INSTRUMENTS

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 November 30, 2018, 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	$ 22,470	-
Marketable securities	$ 262,387	-

1.15 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 28, 2019 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 28, 2019 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:

Subsequent to the year ended February 28, 2019 on which date there was no stock options outstanding, the Company granted 20,000 incentive stock options outstanding exercisable at CAD $0.30 and expiring on May 27, 2021.

As at the date of this report and as at June 28, 2019, there were no share purchase warrants outstanding.

On November 23, 2007, the British Columbia Securities Commission in which the Company is registered exempted Venture Issuer from certifying disclosure controls and procedures, as well as, Internal Controls over Financial Reporting as of December 31, 2007, and thereafter. Since the Company is a Venture Issuer, it is now required to file basic certificates, which it has done for the period ended November 30, 2016. The Company makes no assessment relating to establishment and maintenance of disclosure controls and procedures as defined under National Instrument 52-109 as at November 30, 2016.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

New standards, interpretations and amendments

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

We have assessed the classification and measurement of our financial assets and financial liabilities under IFRS 9 and concluded that the adoption of IFRS 9 did not affect the current classification of Company's financial assets and financial liabilities.

Based on Management's detailed review and analysis the effect of adopting IFRS 9 had an immaterial effect on the opening retained earnings as at March 1, 2018.

Amendments to IFRS 2 Classification and Measurement of Share- based Payment Transactions

The IASB issued amendments to IFRS 2 Share-based Payment t hat address three main areas: the effects of vesting conditions on the measurement of a cash-settled shar e-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Company has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Company's consolidated financial statements.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 15, Revenue from Contracts with Customers

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.

Effective for periods beginning on or after January 1, 2019

IFRS 16, Leases

IFRS 16 applies to the recognition, classification, measurement and disclosure of leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease is for a term of 12 months or less or the underlying asset has a low value. IFRS 16 supersedes IAS 17, *Leases,* IFRIC 4, *Determining whether an Arrangement contains a Lease,* SIC-15, *Operating Leases – Incentives,* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

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 plans to adopt these standards as soon as they become effective for the Company's reporting period.

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 period ended November 30, 2018 has been approved by the Board of Directors of the Company.