ARMADA MERCANTILE LTD.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE THEE MONTHS ENDED MAY 31, 2018

1.1 Date of Report: July 30, 2018

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

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, factoring 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. ArmadaUSA 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. ArmadaUSA, through its ownership subsidiary Oxygen Funding, Inc., offers trade finance services to companies internationally including account receivables "factoring", 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.

During the Quarter

During the quarter ended May 31, 2018, management continued to expand and grow business activities in Oxygen Funding, Inc., which included raising non-dilutive capital and sourcing new client deal flow. During the quarter, secured and committed capital increased to nearly US$2,500,000 and monthly client factoring transactions increased to approximately US$1,300,000. Oxygen Funding, Inc. is a fully licensed trade finance lender (California Finance Lenders & Brokers license #603-G957) that has been funding commercial businesses since 2007. Oxygen Funding, Inc. supports our goals of growing a substantial trade finance business to increase our factoring and equipment leasing customers nationwide. Additionally, Oxygen Funding, Inc. has its own underwriting infrastructure for servicing factoring transactions as well as capital to fund client transactions. 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, Armada anticipates increasing revenues and cash upon the liquidation of our portfolio companies where those assets remain an unrealized capital gain. Historically, ArmadaUSA's pipeline of potential capital formation transactions have increased fee based income while our portfolio companies potentially providing additional asset growth and income. Management's examination of the 2018 client and portfolio company pipeline seems to point to additional earnings due to promising business opportunities from future capital raises, factoring, Form S-1 and 15c211 activity, and advisory services. ArmadaUSA continued its business consulting services while providing analysis, investment consulting, capital access consulting, and strategic business and planning. ArmadaUSA has 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 ArmadaUSA.

Operation Plan

During the quarter ended May 31, 2018, ArmadaUSA sourced and serviced new clients for its consulting and advisory services, Broker Dealer, and trade finance divisions. In January of 2018, Armada acquired ownership in Oxygen Funding, Inc., to expand into the trade finance business beyond its current capabilities. Oxygen Funding, Inc., is an affiliated ownership company of Armada that markets to growth-oriented companies nationwide that are unable to secure adequate bank financing. Oxygen Funding, Inc. is a commercial finance (Oxygen) company headquartered in Lake Forest, California that serves prospects' financing needs when bankers do not wish to. Oxygen Funding, Inc. does this through direct lending or brokering to other Commercial Finance Companies. Oxygen Funding, Inc. has a California Finance Lenders License through the Department of Business Oversight license #603-G957. Therefore, Oxygen Funding, Inc. is 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 Phil Skinder of Skinder Financial Services, manage Armada.

On July 9, 2018, Michelle Cole was appointed as an officer and director of the Company. Effective on July 12, 2018, Phil Skinder resigned as director and officer of the Company.

Armada's senior management of whom Patrick Cole, Phil Skinder and Mark Varley are involved in the identification, structuring and management of Armada's investments. Armada out-sources other aspects of investment underwriting, capital raise and broker-dealer services to Redrock Trading Partners, LLC, a relational affiliated company. Armada utilizes the services of long-term relationships with lawyers, auditors, consultants, analysts and bankers. Armada's Board of Directors has broad experience in the 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. Redrock Trading Partners, LLC is managed by four partners and numerous transaction facilitators along with relationships that 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	**Feb 28, 2018**	**Feb 28, 2017**	**Feb 29, 2016**
Net Sales or Revenue	76,154	$ 119,299	$ 161,628
Income (Loss)	63,692	$ (481,531)	$ (427,090)
Basic and diluted income (loss per share)	0.00	$ (0.03)	$ (0.02)
Net Income (Loss)	63,692	$ (481,531)	$ (427,090)
Basic and diluted net income (loss) per share	0.00	$ (0.03)	$ (0.02)
Total Assets	306,652	$ 159,542	$ 639,154
Total Long-term liabilities	Nil	Nil	Nil
Cash dividends per share, common	Nil	Nil	Nil

1.4 Results of Operations

For the Three-Months Period Ended May 31, 2018

Revenue and Interest Income

For the year under review the Company reports revenue of $19,544, unrealized increase in market securities of $3,754 and a net income of $13,872.

Administrative and Other Expenses

During the three-months period ended May 31, 2018 total administrative expenses excluding "Unrealized increase/decrease in marketable securities", and "Foreign exchange gain/loss" were $37,389 compared to $33,506 for the three months period ended May 31, 2017, a decrease of $3,883. Revenue was down by $5,556 from the prior year. Major increases (decreases) in administrative expenses were attributed to:

Bank charges and interest	99
Listing and transfer agent	159
Management fees and expenses (Note 6)	(914)

Office supplies and miscellaneous	969
Professional fees – (Note 6)	1,848
Rent – (Note 6)	2,572
Telephone	(685)
Travel	(169)

There was cash $10,538 at February 28, 2018 compared to cash of $5,483 at year end February 28, 2018 while total current assets were $314,028 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 period decreased by $5,556 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. 17	**Feb. 17**	**Nov. 17**	**Aug 17**	**May 17**	**Feb. 17**	**Nov. 16**	**Aug. 16**
Total Revenue	$ (19,544)	$ (14,384)	$(26,631)	$(21,151)	$(13,988)	$ (6,067)	$ (32,343)	$ (121,241)
Loss (Profit)	(13,872)	$ (27,902)	$(201,186)	$ 80,091	$ 85,305	$ 161,778	$ 324,917	$ 12,807
Basic and diluted Loss (Profit) per share	0.00	0.00	0.01	0.00	0.00	$ 0.02	$ 0.02	$ 0.00
Net Loss (Profit)	$ (13,872)	$ (27,902)	$(201,186)	$ 80,091	$ 85,305	$ 161,778	$ 324,917	$ 12,807
Basic and diluted Net Loss (profit) per share	0.00	0.00	0.01	0.00	0.00	$ (0.01)	$ (0.02)	$ (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 May 31, 2018 the Company had working capital of $231,042 and cash of $10,538 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 May 31, 2018, the Company had a cash balance of $10,538 (February 28, 2018 – $5,483), marketable securities of $289,945 (February 28, 2018 – $300,788) and total liabilities of $82,985 (February 28, 2018 – $115,181).

To execute its planned exploration 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 three-month period ended May 31, 2018, 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 three-month period ended May 31, 2017, 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 decreased by $5,556 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 May 31, 2018 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

Management fees of $17,624, rent of $2,941 and expense re-imbursement of $3,032 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 First Quarter

During the quarter ended May 31, 2018, management continued to expand and grow business activities in Oxygen Funding, Inc., which included raising non-dilutive capital and sourcing new client deal flow. During the quarter, secured and committed capital increased to nearly US$2,500,000 and monthly client factoring transactions increased to approximately US$1,300,000. Oxygen Funding, Inc. is a fully licensed trade finance lender (California Finance Lenders & Brokers license #603-G957) that has been funding commercial businesses since 2007. Oxygen Funding, Inc. supports our goals of growing a substantial trade finance business to increase our factoring and equipment leasing customers nationwide. Additionally, Oxygen Funding, Inc. has its own underwriting infrastructure for servicing factoring transactions as well as capital to fund client transactions. 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, Armada anticipates increasing revenues and cash upon the liquidation of our portfolio companies where those assets remain an unrealized capital gain. Historically, Armada USA's pipeline of potential capital formation transactions have increased fee based income while our portfolio companies potentially providing additional asset growth and income. Management's examination of the 2018 client and portfolio company pipeline seems to point to additional earnings due to promising business opportunities from future capital raises, factoring, Form S-1 and 15c211 activity, and advisory services. Armada USA continued its business consulting services while providing analysis, investment consulting, capital access consulting, and strategic business and planning. Armada USA has 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 USA.

1.11 Proposed Transactions

None

1.12 Critical Accounting Estimates

Revenue Recognition: The Company recognizes revenue from venture lending and product sales once all of the following criteria for revenue recognition have been met: pervasive evidence that an agreement exists; the services have been rendered; the fee is fixed and determinable and not subject to refund or adjustment; and collection of the amount due is reasonable assured. The Company will primarily derive its revenues from anticipated financial service related fees, commissions and venture lending interest.

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 January 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 May 31, 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	$ 10,538	-
Marketable securities	$ 289,945	-

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, 2018 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 May 31, 2018 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

3. Options and warrants outstanding:

   As at May 31, 2018 and 2017, there were no stock options outstanding.

   As at May 31, 2018, there were no share purchase warrants outstanding.

   As at May 31, 2017 there are 200,000 common stock purchase warrants outstanding at a price of US$0.105 per share expiring on May 22, 2018.

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 January 1, 2018.

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-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 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from and entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts,* IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service.*

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from and entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts,* IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service.*

Based on Management's detailed review and analysis the effect of adopting IFRS 15 had an immaterial effect on the opening retained earnings as at March 1, 2018.

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. 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 May 31, 2018 has been approved by the Board of Directors of the Company.