

# **NEW WAVE HOLDINGS CORP.**

(formerly Trueclaim Exploration Corp.)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three months ended**

**June 30, 2020**

## **NEW WAVE HOLDINGS CORP.**

(FORMERLY Trueclaim Exploration Corp.)

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED JUNE 30, 2020**

(All amounts expressed in Canadian dollars, unless otherwise stated)

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This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of New Wave Holdings Corp. (formerly New Wave Esports Corp.) (the "Company") and describes its financial results for the three months ended June 30, 2020. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three months ended June 30, 2020 and related notes, and the audited consolidated financial statements for the year ended March 31, 2020 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") Refer to Note 3 of the March 31, 2020 audited financial statements for disclosure of the Company's significant accounting policies and a discussion of future accounting policy changes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar. This MD&A is current as of October 7, 2020.

#### **Management's Responsibility**

The Company's management is responsible for the preparation and presentation of the financial statements and the MD&A. The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board. This MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators, and the Canadian Securities Exchange.

#### **COMPANY BACKGROUND**

New Wave Holdings Corp. (formerly New Wave Esports Corp.) ("the Company" or "New Wave") was incorporated under the Business Corporation Act of British Columbia on May 17, 2006. The Company's objective is to generate income and achieve long term capital appreciation through investments focused on the psychedelic and esports sectors. In the psychedelic sector, New Wave will focus on supporting research on active psychedelic compounds, creation of consumer products based on functional mushrooms, and developing an IP portfolio focusing on psilocybin, LSD, MDMA, and ketamine derived treatments for neuropsychiatric diseases. The head office, principal address and records office of the Company are located at 401 - 217 Queen Street West, Toronto, Ontario, M5V 0R2.

On October 24, 2019, the Company completed a "three cornered" amalgamation whereby its previous wholly owned subsidiary, 1205619 B.C. Ltd., amalgamated with the company New Wave Holdings (BC) Corp. pursuant to an amalgamation agreement dated June 7, 2019 (announced in the Company's June 18, 2019 news release) as amended effective September 26, 2019, among the Company, 1205619 B.C. Ltd., and New Wave Holdings Corp. On October 28, 2019, the Company began trading on the Canadian Securities Exchange under the stock symbol NWES which was eventually changed to SPOR.

#### **QUARTERLY HIGHLIGHTS AND SUBSEQUENT DEVELOPMENTS**

- Entered into two share exchange agreements with Anahit Therapeutics Ltd. to acquire 50% and an additional 25% subsequent to the quarter, a company which is a Jamaican psilocybin cultivator, producer and exporter of hallucinogenic and functioning mushrooms and a patented skincare brand made of an innovative ingredient, Breadfruit Flower.
- Completion of multiple equity financings through and subsequent to the fiscal quarter.
- Entered into a letter of intent to form an Ireland based digital marketing company joint venture, subsequent to the quarter. New Wave will acquire a 50% interest in the operations in this co-venture named N2 Logics Inc ("N2 Logics") or similar name. N2 Logics is a private company that support online e-commerce platforms to maximize exposure and reach parties interesting in making an online purchase.

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**OVERALL PERFORMANCE**

The Company continued operations for the three months ended June 30, 2020 and incurred a net loss of \$1,770,813 primarily driven by the engagement of numerous consultants for business advisory services, share-based payments and various activities and related expenses in ramping up operations, although the Company also successfully raised additional equity financing to expand its investment activities, personnel, and marketing efforts. For the three months ended June 30, 2020, the Company has made a key investment with a private company and successfully completed several financings. The Company expects to continue to raise additional funds through equity and debt financings and seek additional investment opportunities including diversifying its investment portfolio into the psilocybin industry through its investment in Anahit Therapeutics Ltd. and other similar investments.

**INVESTMENTS AT FAIR VALUE**

The Company has the following investments as at June 30, 2020 and March 31, 2020:

	Number of Shares/Units Held	Fair Value at March 31, 2020	Investment	Fair market value Adjustments	Fair Value at June 30, 2020
<b>Equities of private esport companies:</b>		\$	\$	\$	\$
Even Matchup Gaming Inc.	200	1,500,000	(1,080,000)	-	420,000
Playline Ltd.	51,653	250,829	-	-	250,829
Tiidal Gaming Group Inc.	2,250,000	1,125,000	-	-	1,125,000
Avatar One E-Sports Capital Corp.	7,500,000	150,000	-	-	150,000
Talon Esports Ltd.	681,818	405,000	-	-	405,000
<b>Stock options held:</b>					
Talon Esports Ltd.	681,818	198,511	-	-	198,511
<b>Balance</b>		<b>3,629,340</b>	<b>(1,080,000)</b>	<b>-</b>	<b>2,549,340</b>

- i. On March 27, 2019, the Company purchased 180 common shares (18%) of Even Matchup Gaming Inc. ("EMG") for \$250,000 along with an irrevocable option to acquire an additional 31% interest, with additional terms to purchase from the Even Matchup Gaming Inc.'s existing shareholders, upwards to a maximum of 49% of all common shares. Even Matchup Gaming Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Even Matchup Gaming Inc. is currently reflected as the initial cash purchase price of its common shares, the additional amounts paid, and the fair value has been adjusted based on the per share value of the additional amounts paid.

On February 10, 2020, the Company acquired the remaining issued and outstanding shares of EMG for \$1,230,000 comprising \$550,000 cash and 2,518,518 common shares of the Company. The cash consideration is payable in tranches, with \$350,000 paid on February 7, 2020 and the remainder to be paid in installments over the six months following February 7, 2020. A portion of the 2,518,518 common shares issued is subject to a contractual lock up and will be released to the vendors of EMG in installments over twelve months following the closing of the acquisition.

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Immediately after the completed acquisition, the Company took steps to unwind the acquisition due to various operational issues encountered with EMG. On April 16, 2020, the Company and EMG reached a settlement agreement outlined below, that have been completed:

- 1- The Company would retain 200 common shares (20%) of EMG.
  - 2- The Company will return 800 common shares (80%) to EMG shareholders.
  - 3- EMG would return to the Company 2,518,518 common shares for cancellation (received and cancelled).
  - 4- The Company would pay the remaining balance of the committed \$550,000 totaling \$50,000 and also pay \$150,000 to a founding shareholder of EMG. The \$200,000 is included in accounts payable as at March 31, 2020 owing to these parties.
  - 5- The Company will repay \$260,000 in cash loans received from EMG which is included within accounts payable and accrued liabilities.
- ii. On March 22, 2019, the Company purchased 51,653 common shares (less than 1%) of Playline Ltd. for \$250,829. Playline Ltd. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the investment into Playline Ltd. is currently reflected as the initial cash purchase price of its common shares.
- iii. On March 26, 2019, the Company purchased 2,000,000 common shares (approximately 4%) of Tiidal Gaming Group Inc. for \$400,000. Tiidal Gaming Group Inc. is a private company and its shares cannot be reliably valued using any market-derived indicators. The fair value of the common share investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value based on its recent financing of \$0.50 per common share.
- On March 11, 2019, the Company entered into an advisory agreement with Tiidal Gaming Group Inc. to provide strategic advisory services. The Company received 250,000 stock options with an exercise price of \$0.20 for a term of five years. The options received have an estimated fair market value of \$46,018 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.20, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.20 and an expected average life of 5 years. The fair value of the options investment into Tiidal Gaming Group Inc. is currently reflected at its current fair market value in light of the recent \$0.50 per common share closed private placement, and revised remaining term of the options. During the year ended March 31, 2020, the Company exercised 250,000 stock options for an additional \$50,000 investment into Tiidal Gaming Inc.
- iv. On August 2, 2019, the Company subscribed for 7,500,000 units of Avatar One E-Sports Capital Corp. (“Avatar”) at \$0.02 each for a total subscription price of \$150,000. Each unit consists of one common share of Avatar and one common share purchase warrant of Avatar, with each such warrant entitling the holder to acquire one additional Avatar common share at a price of \$0.02 for five years. The fair value of the investment into Avatar is currently reflected as the initial cash purchase price of its common shares and attached warrants.
- v. On December 3, 2019, the Company purchased 681,818 common shares of Talon Esports Ltd. at a price of \$0.59 (USD \$0.44) per share for an aggregate investment of \$405,000 (USD \$300,000) which represents approximately 6.5% of Talon Esports Ltd. Concurrently, the Company entered into an advisory agreement with Talon Esports Ltd., to provide strategic advisory services. The Company received 681,818 stock options with an exercise price of USD \$0.44 expiring May 13, 2021. The options received have an estimated fair market value of \$198,511 using the Black-Scholes pricing model with the following weighted average assumptions: expected dividend yield – 0%, share price of \$0.44, expected volatility – 155% (average based on comparable companies), risk-free interest rate – 1.66%, exercise price of \$0.44 and an expected average life of 1.5 years.

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#### **INVESTMENT IN ANAHIT**

On May 5, 2020, the Company invested in Anahit Therapeutics Ltd. ("Anahit"), a subsidiary of Anahit International Corp., through the purchase of 50% of the outstanding Class A shares of Anahit and 100% of the Class B shares of Anahit, through the issuance of 24,500,000 common shares of the Company fair valued at \$9,065,000, and 500,000 share purchase warrants of the Company exercisable at \$0.10 per share for three years fair valued at \$153,707 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.37; Risk-free interest rate of 0.28%; Dividend yield of Nil; Expected volatility of 103%; Expected life of 1 year and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history. In addition to the shares and warrants, the Company provided \$350,000 to Anahit through an unsecured non-interest-bearing loan for business development of Anahit and has committed to raise additional capital for Anahit six months from the closing of the investment. In the event the Company does not meet this six-month deadline, the Company will issue an option to Anahit to purchase 7,000,000 shares at a price of \$0.025 per share.

On September 23, 2020, the Company acquired an additional 25% of the outstanding Class A common shares of Anahit pursuant to the terms of the August 26, 2020 share exchange agreement. As consideration the Company issued 12,791,667 common shares of the Company with a deemed price of \$0.115 per share. As a result of the acquisition the Company will now own 75% of the outstanding Class A common shares of Anahit.

The Company, through its investment in Anahit Therapeutics Ltd., will focus on active psychedelic compounds, functioning mushroom product lines derived from lion's mane, reishi and cordyceps mushrooms, and developing an IP portfolio focused on psilocybin, LSD, MDMA and ketamine-derived treatments for neuropsychiatric diseases (addiction, depression, anxiety and posttraumatic stress disorder). The company is developing a series of medicinal mushroom health products for the pharmaceutical and nutraceutical industries.

#### **LIQUIDITY AND CAPITAL RESOURCES**

In management's view, given the nature of the Company's operations, which comprises commercial esports/gaming activities, investing and advising esports companies in business growth, market penetration, and product expansion, the most relevant financial information relates primarily to current liquidity, solvency and planned strategic growth. The Company's ability to continue as a going concern and realize the carrying value of its assets is dependent on its continued ability to raise capital through public equity financings, and upon the generation of profits from its investments, the outcome of which cannot be predicted at this time.

At June 30, 2020, the Company had working capital of \$1,214,283, including cash of \$1,230,550.

##### Share Capital Activity

On May 12, 2020, the Company issued 24,500,000 common shares pursuant to the May 5, 2020 agreement with Anahit, fair valued at \$9,065,000.

On March 12, 2020, pursuant to the exercise of share purchase warrants, the Company issued 333,333 common shares at \$0.06 per share for total proceeds of \$20,000.

On May 19, 2020, the Company closed a private placement of 10,064,000 common shares at a price of \$0.10 per share for gross proceeds of \$1,064,000. The Company paid cash finders fees of \$40,250 and issued 402,500 brokers warrants at \$0.10 per share until May 12, 2021. The Company recorded a fair value of the brokers warrants of \$112,294 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.37; Risk-free interest rate of 0.28%;

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Dividend yield of Nil; Expected volatility of 103%; Expected life of 1 year and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history.

On June 1, 2020, 500,000 common shares were issued on conversion of \$50,000 in convertible debentures, and on June 15, 2020, a further 5,055,555 common shares were issued on conversion of \$505,555 convertible debentures. See Note 8.

On June 2, 2020, pursuant to the exercise of share purchase warrants, the Company issued 15,555 common shares at \$0.54 per share for total proceeds of \$8,400.

On June 17, 2020, the Company closed a private placement of 6,188,627 Units at a price of \$0.33 per Unit for gross proceeds of \$2,042,247. Each Unit comprises one common share and one share purchase warrant exercisable for two years at a price of \$0.45 per common shares. The Company paid an aggregate cash finders fee of \$97,002 and issued 391,346 broker warrants with the same terms as the Units. The Company recorded a fair value of the agent's warrants of \$41,302 utilizing the Black-Scholes option pricing model with the following assumptions – Share price on grant date of \$0.26; Risk-free interest rate of 0.3%; Dividend yield of Nil; Expected volatility of 103%; Expected life of 2 years and forfeiture rate of 0%. Expected volatility was determined based on comparison to similar companies as the Company does not have enough history. The Company also paid the Agent an administration and advisory fees of \$18,000 and paid expenses related to the offering, including legal fees and disbursements totalling \$70,625.

On June 18, 2020, pursuant to the exercise of share purchase warrants, the Company issued 166,667 common shares at \$0.06 per share for total proceeds of \$10,000.

On June 22, 2020, the Company returned to treasury 2,518,518 common shares pursuant to the April 16, 2020, settlement agreement with EMG. See Note 6.

During the three months ended June 30, 2020, the Company issued, in aggregate, 1,095,834 common shares to certain directors, officers and consultants of the Company recognizing \$286,208 in share-based compensation expense.

#### Subsequent to June 30, 2020

On September 23, 2020, the Company acquired an additional 25% of the outstanding Class A common shares of Anahit pursuant to the terms of the August 26, 2020 share exchange agreement. As consideration the Company issued 12,791,667 common shares of the Company with a deemed price of \$0.115 per share. As a result of the acquisition the Company will now own 75% of the outstanding Class A common shares of Anahit.

On September 29, 2020, the Company entered into a shares for debt agreement (the "Debt Settlement Agreement") with a company beneficially owned by a former director and officer of the Company. Pursuant to the Debt Settlement Agreement, the Company will settle \$50,000 of debt by the issuance of 714,285 common shares in the capital of the company (the "Shares") at a deemed price of \$0.07 per Share. The Shares will be subject to a statutory hold period of four months and a day from the date of issuance in accordance with applicable securities legislation.

#### **OUTSTANDING SHARE DATA**

The following share capital as of date of this document is:

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	<b>Balance</b>
Common Shares	88,228,028
Stock-options	3,548,143
Warrants	29,130,762

**RESULTS OF OPERATION****For the three ended June 30, 2020**

The Company incurred a net loss of \$1,770,813 for the three months ended June 30, 2020 compared to \$565,800 net loss for the comparable period ended June 30, 2019. During the quarter the Company made its first investment outside of the esports industry and made an investment in Anahit Therapeutics Ltd. This investment allows the Company access to the burgeoning psychedelic sector. In addition, the Company had total expenses of \$1,689,622 for the current period as compared to \$577,628 for the comparable period an increase of approximately \$1,112,000 which can be attributed to an increase in consulting fees from \$296,367 to \$725,194 as the Company engaged numerous consultants for business advisory and administrative services. Investor relations and marketing have increased to \$82,391 from \$70,277 as the Company was actively promoting the Company to investors. In addition, the Company incurred \$33,500 in website development in the current quarter. Professional fees have increased to \$291,553 from \$42,729 and regulatory fees have increase to \$38,292 from \$3,955 in the current quarter that can be attributed to numerous transactions such as the investment in Anahit, completion of two private placements and the conversion of a convertible debenture. The Company also granted stock options during the quarter to numerous consultants which was fair valued at \$350,057 in share-based payments using the Black-Scholes option pricing model. Share-based payments is a non-cash transaction.

As a resulting of its investment in Anahit on an equity basis, the Company recognized its share of the loss of \$114,155 for the quarter ended June 30, 2020.

**OUTLOOK**

In the Company's upcoming fiscal year ending March 31, 2021, the Company will seek to, among other things: (i) evaluate additional investment opportunities in the Mycology/Mushroom space; (ii) explore collaboration opportunities on various research studies; (iii) explore opportunities with organizations whose brands are inspired by Nature, Vegan, Non-GMO, and Gluten Free products; and (iv) continue to evaluate the current esports/gaming portfolio to maximize value.

**SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS**

	June 30, 2020	March 31, 2020	Dec. 31, 2019	Sep. 30, 2019	June 30, 2019	March 31, 2019	Dec 31, 2018	Sep. 30, 2018
Net profit (loss)	\$ (1,770,813)	\$ (1,199,171)	\$ (4,153,920)	\$ 69,424	\$ (565,800)	\$ (618,520)	\$ -	\$ -
Basic profit (loss) per share	(0.03)	(0.05)	(0.05)	0.00	(0.01)	(0.12)	-	-
Diluted profit (loss) per share	(0.03)	(0.05)	(0.05)	0.00	(0.01)	(0.12)	-	-

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**SELECTED ANNUAL INFORMATION FOR MOST RECENT COMPLETED YEARS**

	<b>For the year ended March 31, 2020</b>	<b>Period from inception on April 17, 2018 to March 31, 2019</b>
	\$	\$
<b>Income Statement</b>		
Net profit (loss)	(5,849,467)	(618,520)
Loss per share (basic and diluted)	(0.28)	(0.06)
<b>Balance Sheet</b>		
Total investments	3,629,340	946,847
Total assets	4,413,240	1,229,866
Total long-term liabilities	504,149	-

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The following table summarizes the carrying value of financial assets and liabilities as at June 30, 2020 and March 31, 2020:

	<b>June 30, 2020</b>	<b>March 31, 2020</b>
	\$	\$
<b>Fair value through profit or loss</b>		
Investments at fair value (Note 7)	<b>2,549,340</b>	3,629,340
<b>Amortized cost</b>		
Cash	<b>1,240,550</b>	541,256
Accounts payable and accrued liabilities	<b>639,493</b>	1,011,434
Lease liability	<b>32,723</b>	40,030
Convertible debentures	<b>86,232</b>	495,412

**Fair value measurement**

As at June 30, 2020, financial instruments that are measured at fair value on the statement of financial position are represented by cash, loan receivable, investment in associate, investments at fair value, account payable and accrued liabilities, lease liability, and convertible debentures. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements.

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The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets measured at fair values through profit or loss are as follows:

<b>March 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	-	-	2,549,340
<b>Investment in associate</b>			9,104,552

<b>March 31, 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$
<b>Investments at fair value</b>	-	-	3,629,340

**Management of Industry and Financial Risk**

The Company's financial instruments are exposed to certain financial risks, which include the following:

*Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. All of its cash is deposited in a bank account held with a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The maximum exposure to credit risk is the carrying amount of the Company's financial instruments.

*Foreign exchange risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is not exposed to significant foreign exchange risk.

*Liquidity risk*

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time.

The Company's main source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

*Capital Management*

Management's objective is to manage its capital to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern through the optimization of its capital structure. The capital structure consists of share capital and working capital. In order to achieve this objective, management makes adjustments to it in light of changes in

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economic conditions and risk characteristics of the underlying assets. To maintain or adjust capital structure, management may invest its excess cash in interest bearing accounts of Canadian chartered banks and/or raise additional funds externally as needed. The Company is not subject to externally imposed capital requirements. The Company's management of capital did not change during the quarter ended June 30, 2020.

*Fair Value*

The fair value of the Company's financial assets and liabilities approximate the carrying amount wither due to their short-term nature or because the interest rates applied to measure their carrying amount approximate current market rates.

**RELATED PARTY TRANSACTIONS**

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Transactions with key management and directors

The Company incurred the following transactions for the period ended, with companies controlled by current and former directors and officers of the Company:

	June 30, 2020	June 30, 2019
	\$	\$
Consulting fees	80,500	39,345
Share-based compensation	185,667	14,372
Wages	-	122,052

**Related parties balance**

Included in accounts payable and accrued liabilities at June 30, 2020, are \$13,000 (March 31, 2020 - \$3,000) owed to an officer or director of the Company for unpaid consulting fees.

**Off-Balance Sheet Transactions**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

**CRITICAL ACCOUNTING ESTIMATES***Significant estimates and assumptions*

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

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Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability and measurement of deferred tax assets, carrying value of intangible assets and impairment of financial assets.

#### ***Significant judgments***

The preparation of the unaudited condensed interim consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern, assessment of acquisitions as business combinations or asset acquisitions, impairment of non-financial assets and whether there are events or conditions that may give rise to significant uncertainty.

#### **PROPOSED TRANSACTIONS**

None.

#### **RISKS AND UNCERTAINTIES**

##### **COVID-19**

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, reduced customer demand, increased government regulations or interventions, all of which may negatively impact the business, financial condition or results of operations of the Company. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

##### ***Going Concern***

As at June 30, 2020 the Company has an accumulated deficit of \$8,238,799 (March 31, 2020 - \$6,467,987 deficit), no source of operating cash flow and no assurance that sufficient funding will be available. Management has the option to raise funds through a combination of equity and/or debt financing, along with a sale of investments. The success of these plans will depend upon the ability of the Company to generate cash flows from its portfolio investments. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

##### ***Sector Specific Investment Risks***

The Company seeks a high return on investment opportunities on its psilocybin and esports sectors ("Sectors"). Thus, the Company is exposed to investment risks relating to these Sectors which is generally more volatile than the overall market. Investing in these Sectors can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in these sectors are subject to risks associated with the world prices of related products, economic cycles, exchange rates, taxation changes and political events. Government restrictions can also be factors.

##### ***Regulatory Risks***

The Company's investment in the psilocybin sector operate in a new industry which is highly regulated, highly competitive and evolving rapidly. As such, new risks may emerge, and management may not be able to predict all such risks or be able to predict how such risks may result in actual results differing from the results contained in any forward-looking statements. The

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Company's investments incur ongoing costs and obligations related to regulatory compliance. Failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions of operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company's investment and, therefore, on the Company's prospective returns.

The industry is subject to extensive controls and regulations, which may significantly affect the financial condition of market participants. The marketability of any product may be affected by numerous factors that are beyond the control of the Company which cannot be predicted, such as changes to government regulations, including those relating to taxes and other government levies which may be imposed. Changes in government levies, including taxes, could reduce the Company's earnings and could make future capital investments or the Company's operations uneconomic. The industry is also subject to numerous legal challenges, which may significantly affect the financial condition of market participants and which cannot be reliably predicted.

#### ***Limited Operating History***

The Company has limited operating history as an investment company and has had limited success in its investment sectors. The Company and its business prospects must be viewed against the background of the risks, expenses and problems frequently encountered by companies in the early stages of their development, particularly companies in new and rapidly evolving markets such as the psilocybin sector. There is no certainty that the Company will be able to operate profitably.

#### ***Key Personnel***

The Company is dependent upon the continued availability and commitment of its management, whose contributions to immediate and future operations are of significant importance. The loss of any such management could negatively affect the Company's business operations. From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If it is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

#### ***Lack of Control or significant influence over Companies in which the Company Invests***

In certain cases, the Company invests or may invest in securities of companies that the Company does not control or influence. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of investments by the Company could decrease and the Company's financial condition and cash flow could suffer as a result.

#### ***Due Diligence***

The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such investigation will not necessarily result in the investment being successful.

**NEW WAVE HOLDINGS CORP.**

(FORMERLY Trueclaim Exploration Corp.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED JUNE 30, 2020**

(All amounts expressed in Canadian dollars, unless otherwise stated)

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***Fluctuations in the Value of the Company and the Common Shares***

The net asset value of the Company and market value of its common shares will fluctuate with changes in the market value of the Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Company's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Company. There can be no assurance that shareholders will realize any gains from their investment in the Company and may lose their entire investment.

***Need to Manage Growth***

The Company could experience rapid growth in revenues, personnel, complexity of administration and in other areas. There can be no assurance that the Company will be able to manage the impact that growth could place on the Company's administrative infrastructure, systems and controls. If the Company is unable to manage future growth effectively, the Company's business, operations and operating results and financial condition may be materially adversely affected.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

**ADDITIONAL INFORMATION**

Additional information relating to the Company, is available on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at [www.sedar.com](http://www.sedar.com).