

**WSM VENTURES CORP.**  
**Management Discussion and Analysis (“MD&A”)**  
**for the three-month period ended March 31, 2021**

**1. Date and Presentation**

This management discussion and analysis of financial position and results of operations (“MD&A”) is prepared as at May 28, 2021 and should be read in conjunction with the condensed interim consolidated financial statements for the three-month period ended March 31, 2021 and 2020 and the related notes thereto. These consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management is also responsible for ensuring that information disclosed externally, including the condensed interim consolidated financial statements and MD&A, is complete and reliable.

All dollar amounts included therein and in the following MD&A are expressed in Canadian dollars except where noted. This discussion contains forward-looking statements that involve risks and uncertainties. Such information, although considered to be reasonable by the Company’s management at the time of preparation, may prove to be inaccurate and actual results may differ materially from those anticipated in the statements made. Additional information on the Company is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com).

**2. History and Background**

WSM Ventures Corp. (the “Company”) was incorporated in the Province of British Columbia on May 11, 1981. On April 15, 2020, the Company changed its name from Avalon Blockchain Inc. to WSM Ventures Corp. The head office and records office of the Company is located at 2200 – 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3E8. The Company’s common shares are listed on the Canadian Securities Exchange (“CSE”) under the symbol “WSM.X”. The Company has no current business or business assets and is currently in the process of exploring various business opportunities. The head office of the Company is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

On May 12, 2017, the Company consolidated its issued and outstanding common shares, stock options and share purchase warrants on the basis of one (1) new share for every ten (10) existing shares. On November 22, 2017, the Company consolidated its share capital, stock options and warrants on the basis of one (1) new common share for up to one point three three four (1.3334) existing common shares. Unless otherwise indicated, all reference to share capital, stock options and share purchase warrants presented in this MD&A have been restated to reflect the two share consolidations.

On March 29, 2018, the Company changed its name from World Mahjong Limited to Avalon Blockchain Inc. following the completion of the reverse takeover transaction (“RTO”) and amalgamation (“Amalgamation”) of 1158716 B.C. Ltd. (“1158716”) with the Company’s newly incorporated wholly-owned subsidiary, 1146305 B.C. Ltd. (“1146305”). Pursuant to the amalgamation agreement and closing of the RTO, 1158716 and 1146305 amalgamated and the resulting entity (“Amalco”) became a wholly-owned subsidiary of the Company. The principal activity of Amalco is to seek the acquisition of qualifying assets or a business pursuant to the policies of the CSE.

As a result of the completion of the RTO, Amalco is deemed as the accounting acquirer for accounting purposes, and therefore its assets and liabilities and operations are included in the condensed interim consolidated financial statements at their historical carrying value. Amalco’s operations were considered to be a continuance of the business and operations of Amalco. The Company’s results of operations are those of Amalco, with the Company’s operations being included from March 29, 2018 onwards, the closing date.

### 3. Summary of Quarterly Results

The following selected financial data has been prepared in accordance with IFRS and should be read in conjunction with the Company's consolidated financial statements. All dollar amounts are in Canadian dollars. There were no changes to the nature of the losses between the periods

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Total assets	\$ 213,531	\$ 245,060	\$ 256,415	\$ 272,955
Working capital	189,981	217,826	240,237	263,167
Shareholders' equity	189,981	217,826	240,237	263,167
Loss for the period	(27,845)	(22,411)	(22,930)	(37,890)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

  

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Total assets	\$ 321,869	\$ 338,644	\$ 356,193	\$ 372,204
Working capital	301,057	325,201	346,222	364,700
Shareholders' equity	301,057	325,201	346,222	364,700
Loss for the period	(24,144)	(21,021)	(18,478)	(25,015)
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	(0.00)

### 4. Results of Operations

For the three-month period ended March 31, 2021, the Company incurred a net loss of \$27,845 compared to a loss of \$24,144 for the three-month period ended March 31, 2020. Incremental costs in the three-month period ended March 31, 2021, compared to March 31, 2020, were largely due to incremental fees for legal and accounting of \$1,416 and incremental filing fees of \$2,277.

### 5. Liquidity and Capital Resources

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements.

#### Working capital

The net working capital, defined as current assets less current liabilities, decreased from working capital of \$217,826 as at December 31, 2020 to working capital of \$189,981 as at March 31, 2021 largely due to operational expenses (consulting, filing, & professional fees) in the three-month period of \$27,845.

#### Cash

As at March 31, 2021, the Company had cash of \$213,513 compared with \$245,042 as at December 31, 2020. The decrease in cash is largely due to \$27,845 of operational expenses (consulting, filing, & professional fees) as well as net payments made to decrease accounts payable and accrued liabilities by \$3,684 at the end of the three-month period March 31, 2021.

#### Cash Used in Operating Activities

Cash used in operating activities during the three-month period ended March 31, 2021 was \$31,529 compared with \$18,350 of cash used in operating activities during the three-month period ended March 31, 2020.

Cash used in operating activities in the three-month period ended March 31, 2021 was mainly for consulting fees (\$12,306), filing fees (\$9,338), and professional fees (\$6,175), with a decrease in accounts payable of \$3,684.

Cash used in operating activities in the three-month period ended March 31, 2020 was mainly for consulting fees (\$12,306), filing fees (\$7,061) and professional fees (\$4,759) with an increase in accounts payable of \$7,369 and an increase in prepaid expenses of \$1,575.

#### Cash Used in Investing Activities

The Company incurred costs of \$NIL for investing activities during the three-month period ended March 31, 2021 and \$NIL in the three-month period ended March 31, 2020.

#### Cash Generated by Financing Activities

No cash was used in financing activities during the three-month period ended March 31, 2021, as the company was inactive.

No cash was used in financing activities during the three-month period ended March 31, 2020, as the company was inactive.

#### Requirement of Additional Equity or Debt Financing

The Company relies primarily on debt and equity financings for all funds raised to date for its operations. Until the Company starts generating profitable operations, the Company intends to continue relying upon the issuance of securities or debt financing to finance its operations.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. As of the date of this report, there has been no impact on the Company's current state of operations.

### **6. Capital Resources**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the identification and evaluation of a business and continue as a going concern. The Company considers capital to be all accounts in equity. The Company is not subject to any external capital requirements therefore the Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. Additional funds may be required to finance any business. Funds will also be used to investigate current business opportunities.

### **7. Off-Balance Sheet Arrangements**

The Company currently has no off-balance sheet arrangements.

### **8. Transactions with Related Parties**

Key management personnel consist of officers and directors of the Company. During the period ended March 31, 2021, the Company paid management and consulting fees to a company controlled by a current officer totaling \$5,250 (2020 - \$5,250). There was no other remuneration paid to key management personnel during the three months ended March 31, 2021. As at March 31, 2021, there were no amounts due (December 31, 2020 - \$Nil) within accrued liabilities and accounts payable to key management personnel or directors.

## 9. Financial Instruments

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include credit risk, market risk, interest rate risk, foreign currency risk and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

Please refer to Note 7 of the accompanying condensed interim consolidated financial statements for further details.

## 10. Significant accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Significant accounting estimates include:

- i. The measurement of deferred income tax assets and liabilities.

Significant accounting judgments include:

- i. The evaluation of the Company's ability to continue as a going concern.

## 11. Issued and Outstanding Common Shares

The following table summarizes the outstanding share capital as of the date of the MD&A:

	Number of options/warrants issued	Number of issued or issuable shares
Common shares	-	67,328,936
Stock options	-	-
Share purchase warrants	-	-

There were no transactions related to options, warrants, or shares over the three-month period ended March 31, 2021.

## **12. Proposed Transactions**

On January 11, 2021, the Company announced that it has initiated a review of the current capital structure of the Company and available financing options in the context of the current market. Subject to the results of the review, and the availability of financing, the Company intends to consolidate its common share capital on up to a twenty-for-one basis to make the Company more attractive to prospective investors. A decision to complete a consolidation has not been reached at this time, and the completion of any consolidation is subject to the approval of the Canadian Securities Exchange. The Company will provide further information as it becomes available.

## **13. Disclosure Controls and Procedures and Internal Controls Over Financial Reporting**

The Company has exercised reasonable diligence, the filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the filings.

The Company has exercised reasonable diligence, the financial statements together with the other financial information included in the filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the filings.

## **14. Forward Looking Information**

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of applicable securities laws including, among others, statements made or implied relating to the Company's objectives including but not limited to, strategies to achieve those objectives, management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by words such as "objective", "may", "will", "expect", "likely", "intend", "estimate", "anticipate", "believe", "should", "plans" or similar expressions suggesting future outcomes or events. Such forward-looking statements are not guarantees of future performance and reflect management's current beliefs based on information currently available.

Such statements involve estimates and assumptions that are subject to a number of known and unknown risks, uncertainties and other factors inherent in the business of the Company, and other materials filed with the securities regulatory authorities from time to time which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Those risks and uncertainties include but are not limited to: the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company; the dependence on key personnel; and the ability to access capital markets.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date such statements were made and readers are advised to consider such forward-looking statements in light of the risks set forth above. Except as required by law, the Company assumes no obligation to update or revise any forward-looking statements to reflect new information or the occurrence of future events or circumstances.

## 15. Corporate Directory

### **Head Office**

WSM Ventures Corp.  
Suite 2200, 885 West Georgia Street  
Vancouver, BC, V6C 3E8

### **Officers and Directors**

Aleem Nathwani (Chief Executive Officer & Director)  
David Ebert (Chief Financial Officer)  
Anthony Alvaro (VP Business Development & Director)  
Darren Devine (Director)  
Jon Malach (Director)

### **Members of the Audit Committee**

Darren Devine (Chair)  
Jon Malach  
Anthony Alvaro

### **Legal Counsel**

Cassels Brock & Blackwell LLP  
Suite 2200 - 885 West Georgia Street  
Vancouver, BC, V6C 3E8

### **Auditors**

Manning Elliott LLP  
1700 – 1030 West Georgia Street  
Vancouver, BC, V6E 2Y3

### **Transfer Agent**

Computershare Trust Company  
3<sup>rd</sup> Floor – 510 Burrard Street  
Vancouver, BC, V6C 3B9