

TRENCHANT CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS for the nine months ended December 31, 2023, and 2022

Date of Report: February 22, 2024

INTRODUCTION

This management's discussion and analysis (this "MD&A") is prepared as of February 22, 2024, and provides a review of the performance of Trenchant Capital Corp. (the "Company"). It should be read in conjunction with the Company's unaudited consolidated interim financial statements for the fiscal nine months ended December 31, 2023, and related notes thereto, which are prepared in accordance with International Financial Reporting Standards ("IFRS"). All of the financial data herein has been prepared in accordance with IFRS, unless otherwise indicated, and all figures are stated in Canadian dollars. Additional information on the Company is available on the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute "forward-looking statements". When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, and known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking information will not be realized.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated. The reader is cautioned not to place undue reliance on any forward-looking statements contained in this MD&A. Such forward-looking statements are presented for the purpose of assisting investors in understanding the Company's expected financial and operating performance and the Company's plans and objectives in making an investment decision and may not be appropriate for other purposes. All forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events, except as required by applicable laws.

RISKS AND UNCERTAINTIES

Risk factors applicable to the Company and its business include:

- that the Company is an "Investment Issuer" as defined by the policies of the Canadian Securities Exchange (the "CSE") and may be unsuccessful in developing this business or generating material

revenues from it. The Company has only been able to complete two material investments. The Company may not be successful in making any additional material investments.

- risks related to the Company's investments in private issuers and illiquid securities, and the potential concentration of the Company's investments;
- due diligence risks and risks relating to non-controlling interests;
- that the Company may be unable to identify sources of income to generate material cash flow and revenue, and even if identified, such sources of income may be unavailable to the Company;
- that the Company is heavily reliant on its directors and management, and they only devote part of their time and efforts to the affairs of the Company;
- the possible tightening of the credit markets, global economic uncertainty, and counterparty risk;
- risks related to the Company's investment approach, objectives and strategy;
- that the Company's expectations regarding the performance of certain sectors may be incorrect;
- the ability of the Company to identify other potential investment opportunities on satisfactory terms or at all;
- that the price of the Company's common shares on the CSE is volatile;
- risks relating to available investment opportunities and competition for investments;
- the ability of the Company to obtain future financing on acceptable terms or at all; and
- other risks that may arise from time to time that are beyond the knowledge and/or control of the Company.

Additional risk factors with respect to the Company's business and operations can be found in the Company's final long form prospectus dated May 8, 2019 (the "Prospectus"), as filed on SEDAR on May 8, 2019, which are available under the Company's profile at www.sedar.com and the Company's CSE Listing Statement dated August 28, 2020 available at <https://www.thecse.com/en/listings/diversified-industries/trenchant-capital-corp>.

OVERALL PERFORMANCE

Nature of Business and Overall Performance

The Company was incorporated under the *Business Corporations Act* (British Columbia) on December 17, 2009. The Company's common shares are listed on the CSE under the trading symbol "TCC".

The Company's head office is located at Suite 2380, 1055 West Hastings Street, Vancouver, BC, V6E 2E9. The Company has four wholly owned subsidiaries being 0960128 B.C. Ltd. ("0960128"), 1141864 B.C. Ltd. ("1141864"), Trenchant Energy Holdings Inc. and Trenchant Investment Corp.

Wholly owned subsidiaries 0960128 and 1141864 are the investment vehicles for the now repaid former Waiward Investment and Omni Investment respectively, which are discussed below. Trenchant Energy Holdings Inc. and Trenchant Investment Corp. are inactive.

On April 25, 2016, the Company entered into a strategic alliance agreement with the Hillcore Group ("Hillcore"). This agreement renews automatically on an annual basis unless terminated by either party in writing. Hillcore is a leading independent Canadian investment and advisory firm that invests predominantly in the life sciences, real estate, seniors living, financial, industrial and energy sectors. Pursuant to the terms of the strategic alliance agreement, Hillcore agreed to grant the Company an exclusive first right to: (i) review Hillcore's initial due diligence on potential business targets, and (ii) negotiate with Hillcore the participation by the Company in Hillcore's acquisition of business targets, primarily by way of special situation debt, which may include secondary, subordinated, mezzanine or non-traditional debt, asset backed securities and back-leveraged/holdco debt. The Company has also been granted certain back-in and tag along negotiation rights, as well as negotiation rights for capital market transactions with respect to projects for which the Company has provided financing. Hillcore does not own any shares in the Company.

In May 2016, the Company pursued a change of business to become an Investment Issuer on the TSXV. In connection with this change of business, the Company changed its name to Trenchant Capital Corp., and on May 16, 2017, the Company commenced trading under the symbol "TCC".

On August 26, 2020, the CSE approved the listing of the Company's common shares, 9% Series A convertible debentures and 8% Series B convertible debentures (collectively, the "Securities") on the CSE. The Securities commenced trading on the CSE at market open on August 28, 2020, under the symbols "TCC", "TCC.DB" and "TCC.DB.A" respectively. In connection with the listing of the Securities on the CSE, the Company delisted the Securities from the TSX Venture Exchange (the "TSXV") at the close of market on August 27, 2020. On March 31, 2022, the 9% Series A convertible debentures (TCC.DB) were delisted from the CSE upon the maturity of the Waiward Investment.

The Waiward Debenture Offering

On March 7, 2017, the Company filed and obtained a receipt for a preliminary prospectus from the security regulatory authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario for a proposed public offering of a minimum of 5,000 and a maximum of 20,000 9% secured convertible debentures (the "Waiward Debentures") priced at \$1,000.00 per Debenture, for gross proceeds of a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Waiward Debenture Offering").

The Waiward Debenture Offering was made on a best-efforts basis through a syndicate of agents led by Industrial Alliance Securities Inc. (collectively, the "Agents") pursuant to the terms of an agency agreement dated May 18, 2017. The Waiward Debenture Offering closed in three tranches for aggregate gross proceeds of \$7,744,000. The first tranche, pursuant to which gross proceeds of \$5,522,000 were raised through the issuance of 5,522 Waiward Debentures, closed on May 18, 2017. The second tranche, pursuant to which gross proceeds of \$1,488,000 were raised through the issuance of 1,488 Waiward Debentures, closed on June 26, 2017. The third tranche, pursuant to which gross proceeds of \$730,000 were raised through the issuance of 730 Waiward Debentures, closed on July 19, 2017. In connection with the Waiward Debenture Offering, the Company paid the Agents aggregate cash commissions equal to 6.5% of the gross proceeds raised under the Waiward Debenture Offering and reimbursed for their reasonable expenses.

The net proceeds of the Waiward Debenture Offering were used to fund the Waiward Investment, as described below.

The Waiward Debentures matured on March 31, 2022, and bore interest at the rate of 9.0% per annum, payable quarterly in cash. The terms of the Waiward Debentures were set out in a debenture indenture dated May 18, 2017, a copy of which is available on SEDAR, between the Company and Computershare Trust Company of Canada ("Computershare").

The Company pledged all the outstanding shares of 0960128 to Computershare, on behalf of the holders of the Waiward Debentures, as security for the Company's outstanding obligations under the Waiward Debentures. 0960128 in turn owns the rights to the security for the Waiward Investment (see "The Waiward Investment" below). The holders of Waiward Debentures have no recourse to the Company other than with respect to such shares.

Effective on August 28, 2020, the Waiward Debentures commenced trading on the CSE under the symbol "TCC.DB". See listing information in Nature of Business and Overall Performance.

Effective March 30, 2022, the Waiward Debentures (symbol TCC.DB) were delisted from the CSE upon the maturity of the Debentures and the underlying Waiward Investment (see "Waiward Investment", below). During the year ended March 31, 2023, the Waiward Debentures were repaid in full.

The Waiward Investment

On March 2, 2017, 0960128 entered into a loan agreement dated March 2, 2017, as amended (the "Loan Agreement"), with Waiward Investments Limited Partnership (the "Borrower"), a limited partnership related to Hillcore, pursuant to which 0960128 agreed to loan a minimum of \$5,000,000 and a maximum of \$20,000,000 (the "Waiward Investment") to the Borrower. The Waiward Investment is secured by the Borrower's indirect equity interest in Waiward Steel Limited Partnership ("Waiward Steel"), one of Canada's largest steel fabricators and erectors.

The net proceeds of the Waiward Debenture Offering were used to fund the Waiward Investment, which was completed on May 18, 2017.

The outstanding principal of the Waiward Investment bore interest at the rate of 12.5% per annum with a maturity date of March 31, 2022. Additionally, the outstanding principal of the Waiward Investment includes a Payment in Kind ("PIK") of 2.5% per annum of the outstanding loan amount accruing and payable on maturity.

Pursuant to the terms of the Waiward Loan Agreement, the Borrower granted the Company a five-year unit purchase option entitling it to purchase up to 10% of the Borrower for an exercise price of up to \$9,367,000. The actual percentage interest that the Company may acquire pursuant to the purchase option will be adjusted on a pro rata basis in accordance with the amount of funds advanced under the Waiward Loan Agreement.

Waiward may prepay the outstanding principal of the Waiward Investment by paying 0960128 the outstanding principal amount of the Waiward Investment, plus any accrued and unpaid interest thereon, as well as an amount equal to the break fee incurred in connection with the prepayment of the Convertible Debentures.

The Waiward Loan Agreement also provides that 0960128 will provide management services to the Borrower, have observer rights at board meetings of Borrower, and have the right to appoint a nominee to the Board of Directors of the Borrower.

The Waiward Investment matured on March 31, 2022. On this date the Borrower had not repaid the Waiward Investment. As a result, the Company issued a notice of default to the Borrower. Subsequently on April 4, 2022, the Borrower repaid in full the Waiward Investment including additional interest from the date of maturity to the date to April 4, 2022, being \$7,740,000 of loan principal, \$222,951 of loan interest and \$991,611 of accrued payment in kind.

The Omni Debenture Offering

In December 2017, the Company filed and obtained a receipt for a preliminary prospectus with security regulatory authorities for a proposed public offering of a minimum of 10,000 and a maximum of 20,000 8% secured convertible debentures (the "Omni Debentures") priced at \$1,000 per Omni Debenture, for gross proceeds of a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Debenture Offering").

The Omni Debenture Offering was made on a best-efforts basis, through a syndicate of agents led by Canaccord Capital Corp. and Industrial Alliance Securities Inc. (collectively, the "Agents").

The Omni Debenture Offering closed in two tranches for aggregate gross proceeds of \$7,994,000. The first tranche, pursuant to which gross proceeds of \$5,659,000 were raised through the issuance of 5,659 Omni Debentures, closed on March 23, 2018. The second tranche, pursuant to which gross proceeds of \$2,335,000 were raised through the issuance of 2,335 Omni Debentures, closed on May 17, 2018. On May 30, 2019, the Company closed the third tranche of its Omni Debentures for gross proceeds of \$2,428,000 through the issuance of 2,428 Omni Debentures. On June 28, 2019, the Company closed the fourth tranche of its Omni Debentures for gross proceeds of \$1,761,000 through the issuance of 1,761 Omni Debentures.

The net proceeds of Omni Debenture Offering were used to fund the Omni Investment, as described below.

The Omni Debentures issued in the Omni Debenture Offering had a maturity date of January 27, 2023, and bore interest at the rate of 8.0% per annum, payable quarterly in cash.

The Company pledged all the outstanding shares of 1141864 to Computershare, on behalf of the holders of the Omni Debentures, as security for the Company's outstanding obligations under the Omni Debentures. 1141864 in turn owns the rights to the security for the Omni Investment (see "The Omni Investment" below). The holders of Omni Debentures have no recourse to the Company other than with respect to such shares.

Effective August 28, 2020, the Debentures commenced trading on the CSE under the symbol TCC.DB.A. See listing information in Nature of Business and Overall Performance

Effective January 31, 2023, the Omni Debentures (symbol TCC.DB.A) were delisted from the CSE upon the maturity of the Debentures and the underlying Omni Investment (see "Omni Investment", below).

The Omni Investment

In December 2017, 1141864 entered into a loan agreement (the "Omni Loan Agreement"), with ABO Investments Limited Partnership ("ABO"), a limited partnership related to Hillcore, pursuant to which 1141864 agreed to loan a minimum of \$10,000,000 and a maximum of \$20,000,000 (or \$23,000,000 in the event that the Over-Allotment Option is exercised in full) (the "Omni Investment") to ABO. This minimum loan amount was subsequently lowered to a minimum of \$5,000,000 and a maximum of \$10,000,000. The

Omni Investment is secured by a pledge of ABO's indirect 88.73% equity interest in Omni Health Investments Inc. ("Omni"), one of Canada's largest long-term care operators, to 1141864.

The net proceeds of the Omni Debenture Offering were used to fund the Omni Investment, which was completed on June 28, 2019.

The outstanding principal of the Omni Investment beared interest at the rate of 10% per annum with a maturity date of January 27, 2023.

Pursuant to the terms of the Omni Loan Agreement, ABO granted the Company a five-year unit purchase option entitling it to purchase up to 15% of ABO's indirect holdings in Omni for an exercise price of up to \$7,725,000 with ABO being able to repurchase the outstanding unit purchase option from the Company on maturity for consideration of the payment of up to \$6,000,000. The actual percentage interest that the Company may acquire pursuant to the purchase option will be adjusted on a pro rata basis in accordance with the amount of funds advanced under the Omni Loan Agreement.

ABO may prepay the outstanding principal of the Omni Investment by paying 1141864 the outstanding principal amount of the Omni Investment, plus any accrued and unpaid interest thereon, as well as an amount equal to the break fee payable by the Company on the redemption or repurchase of Omni Debentures with a principal amount of not more than the principal amount being prepaid by ABO.

The Omni Loan Agreement also provides that 1141864 will provide management services to ABO, have observer rights at board meetings of ABO, and have the right to appoint a nominee to the Board of Directors of ABO.

The Omni Investment matured on January 27, 2023. On this date the Borrower repaid in full the Omni Investment including interest from January 1, 2023 to January 27, 2023, being \$12,183,000 of loan principal, \$90,121 of loan interest.

The Trenchant Life Sciences Investment

Trenchant Life Sciences Investment Corp. ("TLSIC") was incorporated by the Company on January 20, 2021 under the name 1261038 B.C. Ltd. TLSIC has no active business and was formed to facilitate the completion of an amalgamation of 1295277 B.C. Ltd. (a newly formed wholly-owned subsidiary of TLSIC) ("NewCo") with ASEP Medical Inc., a B.C. corporation that holds the option to acquire a fully-diluted 50.1% equity interest in each of ABT Innovations Inc. ("ABT") and Sepset Biosciences Inc. ("Sepset") with the intention of creating, financing and listing the common shares of a life sciences development company.

On January 20, 2021, the Company made an investment into TLSC by acquiring 2,500,000 common shares at a price of \$0.001 for a payment of \$2,500.

On April 14, 2021, TLSIC closed a private placement to issue an aggregate of 8,000,000 common shares at a price of \$0.001 per share for gross proceeds of \$8,000.

On April 16, 2021, TLSIC closed a private placement to issue an aggregate of 6,500,000 common shares at a price of \$0.02 per share for gross proceeds of \$130,000.

On May 25, 2021, TLSIC closed a private placement of unsecured convertible debentures in the aggregate amount of \$500,000. The convertible debenture matures twelve months from issuance and carries an

interest rate of 8% per annum. Pursuant to the Amalgamation Agreement, the debentures are convertible into common shares prior to the amalgamation effective date at a conversion price calculated by dividing (A) by (B), where (A) is \$8,000,000, and where (B) is the product obtained by adding (x) the number of all of the issued and outstanding common shares of ASEP as of the date of the ASEP conversion, which is the conversion of all of the principal outstanding under the ASEP debentures into ASEP shares on a fully diluted basis assuming conversion of all outstanding convertible securities of ASEP other than the ASEP debentures, with (y) the number of shares issuable by TLSIC in connection with TLSIC's financing to complete a private placement of up to 10,000,000 special warrants at a price of \$0.50 per warrant for aggregate gross of up to \$5,000,000.

On June 3, 2021, TLSIC entered into the Amalgamation Agreement with ASEP and NewCo, pursuant to which TLSIC, ASEP and NewCo agreed to combine their respective businesses by way of a three-concerned amalgamation under the provisions of the BCBCA. Upon completion of the Transaction (being the completion of the amalgamation, the exercise of both of the ABT and Sepset options and conditional approval to the list the common shares of TLSIC on the CSE) the resulting entity of the Amalgamation, will be a wholly-owned subsidiary of the TLSIC, will carry on the business of ASEP, with the common shares of TLSIC trading on the CSE.

As noted above on completion of the Transaction, TLSIC would hold, through its wholly-owned subsidiary, 50.1% of the fully diluted share capital of ABT and Sepset.

ABT was incorporated on July 3, 2015, pursuant to the provisions of the BCBCA under the name "ABT Innovations Inc." for the purpose of ensuring the commercialization of the broad peptide technology developed by its founder, Dr. Robert Hancock. This peptide technology covers a broad range of therapeutic applications including bacterial biofilm infections (medical device infections, chronic infections, lung, bladder, wound, dental, skin, ear-nose and throat, sinusitis, orthopedic, etc.), representing two thirds of all infections, anti-inflammatories, anti-infective immune-modulators and vaccine adjuvants.

Sepset was incorporated on April 23, 2015, pursuant to the provisions of the BCBCA under the name "Sepset Biosciences Inc." for the purpose of ensuring the commercialization of a diagnostic kit for predicting the onset of severe sepsis and organ failure that was developed by its founder Dr. Robert Hancock. Its diagnostic technology involves a patient gene expression signature that is identified in the blood and assessable by nucleic acid amplification technologies. Sepset's diagnostic technology differs from current diagnostic tests in enabling diagnosis of severe sepsis within 1-2 hours of first clinical presentation (i.e., in the emergency room), while other diagnostics only provide diagnosis after 24-48 hours. Sepset believes this will enable critical early decisions to be made by physicians regarding appropriate therapies and reduce mortality and morbidity.

On November 10, 2021, ASEP Holdings obtained a receipt for its long-form prospectus dated November 9, 2021. A copy of this prospectus can be reviewed under the ASEP Holdings profile at www.sedar.com.

On November 18, 2021, ASEP Holdings received final approval to list its common shares on the CSE and the common shares were listed for trading on the CSE on November 22, 2021, under the symbol "ASEP".

On November 19, 2021, the amalgamation of TLSIC, ASEP and NewCo was completed and TLSIC changed its name to ASEP Medical Holdings Inc. ("ASEP Holdings")

As of the date of this MD&A, the Company owns Nil common shares in ASEP Holdings. At December 31, 2023, the value of the ASEP investments was \$Nil, (March 31, 2023, the Company owned 1,367,000 common shares of ASEP Holdings with a value of \$375,925).

Nectar Loan

On March 7, 2022, the Company subscribed to a convertible promissory note of Nectar Health Sciences Inc. ("Nectar") for \$250,000 bearing interest at 12% per year (the "Nectar Note"), maturing in a year. If Nectar completes any financing with gross proceeds of at least \$500,000, the Company can convert the Nectar Note and accrued interest (the "Outstanding Amount") into common shares of Nectar with the number of shares equal to the quotient of the Outstanding Amount divided by the conversion price, which equals to 75% of the offering price per share. If not converted, Nectar shall pay the Outstanding Amount. If Nectar prepays any portion of the Outstanding amount prior to the maturity date, the Outstanding Amount shall be increased to an amount equal to 110% of the Outstanding Amount and such additional amount shall be repaid in accordance with the terms of the Convertible note as if it was the Outstanding Amount.

The convertible promissory note was classified as FVTPL at the fair value of \$250,000 upon initial measurement. As at March 31, 2023 (year-end) and December 31, 2023, the Nectar Note was overdue. The Company independently determined (as at March 31, 2023 year-end) the fair value of the Nectar Note to be \$100,000 by estimating the recoverable amount with an expected loss recovery rate of 40%. Therefore, as at March 31, 2023, the Company recorded a \$150,000 of change in fair value in the statement of comprehensive income (loss). At December 31, 2023 management has determined that the fair value of the Nectar Note is \$100,000.

CG International Loan

On August 3, 2022, the Company subscribed to an unsecured convertible promissory note of CG International Petroleum Corp. ("CGIC") for the principal of \$500,000 accruing interest at 10% per year with a maturity date of August 8, 2023 ("CGIC Note"). Pursuant to the CGIC Note, in the event that CGIC completes a reverse takeover ("RTO"), the principal amount of the CGIC Note and all accrued interest shall automatically convert into units of the listed issuer with the number of units equal to the quotient of the outstanding amount of the CGIC Note principal and all accrued interest divided by the conversion price, which equals to 70% of the initial listing price of the shares in the RTO. Each unit shall consist of one share of the listed issuer and such number of warrants of the listed issuer as is equal to the principal amount of the CGIC Note times 10% exercisable at the listing price, with each such warrant exercisable into one additional common share of the listed issuer with an exercise price equal to the listed issuers price per share in the RTO.

CGIC granted the Company the right to act as the RTO target issuer. The Company and CGIC agreed to negotiate to enter into a letter agreement ("Letter Agreement") outlining the terms of the proposed RTO within 30 days of the execution of the CGIC Note subscription. In the event the Company and CGIC fail to enter into the Letter Agreement, the Company has the right to (a) request the repayment of the principal with accrued interest and a 10% cash penalty within 30 days of CGIC receiving a written request from the Company or in the event the Company does not request repayment (b) a 10% increase in the value of the principal payment of the CGIC Note. As at December 31, 2023, CGIC and the Company have not entered into the Letter Agreement.

The CGIC Note was classified as FVTPL at the fair value of \$500,000 upon initial measurement. As at March 31, 2023 (year-end) and December 31, 2023, the CGIC Note was overdue. As at March 31, 2023 (year-end) the Company independently determined that its fair value at \$400,000 using the probability weighted expected return method using the following assumptions: loan to maturity discount of 30%, probabilities of RTO of 2% and loan maturity of 98%, and a risk free rate of 4.3%. Therefore, as at March 31, 2023 (year-end) the Company recorded a \$100,000 of change in fair value in the statement of

comprehensive income (loss). At December 31, 2023, management has determined that the fair value of the CGIC Note is \$400,000.

On November 30, 2023 the Company entered into an Option agreement with GNQ Insilico Inc. ("GNQ") whereby GNQ agreed to grant the Company up to 50% of the common shares in the capital of GNQ in exchange for aggregate cash consideration of \$17,500,000 and the issuance of 7,500,000 common shares in the capital of Trenchant. The Option was exercisable in in up to four tranches, with an initial tranche consisting of the acquisition of 20% of the common shares in the capital of GNQ in exchange for aggregate cash consideration of \$2,500,000 and the issuance of 7,500,000 common shares in the capital of Trenchant on or before December 22, 2023 (the "Initial Investment").

On December 29, 2023, the Option Agreement with GNQ was amended with the timeline for payment the timeline for the payment of the consideration comprising the Initial Investment has been amended such that it will be satisfied by way of: (a) the payment in cash by Trenchant to GNQ of \$700,000 on December 29, 2023; and (b) the payment in cash by Trenchant to GNQ of \$1,800,000 and the issuance by Trenchant to GNQ of 7,500,000 Trenchant Shares on or prior to February 29, 2024.

On December 29, 2023, the Company paid \$700,000 to GNQ to acquire 59,322 common shares in the capital of GNQ being 5.6% of the issued share capital of GNQ.

Investment Policy Disclosures

The Company has adopted an Investment Policy to govern its investment activities. The Investment Policy sets out, among other things, the Company's investment objectives and strategy, which is to provide special situation debt financing to established companies with a solid track record of earnings and demonstrated potential for future growth, the ability to generate shareholder equity by taking and, where prudent, exercising equity purchase rights in portfolio companies, participating in potential going-public transactions or other liquidity events in portfolio companies, and seeking to preserve capital and limit downside risk through securely structuring its investments. A copy of the Investment Policy is attached as Schedule "C" to the Filing Statement.

Results of Operations

These results of operations should be read in conjunction with the Company's audited financial statements for the nine months ended December 31, 2023, which are being filed concurrently with this MD&A. The financial data for the nine months ended December 31, 2023, and 2022, have been prepared in accordance with IFRS. All figures are stated in Canadian dollars.

Nine months ended December 31, 2023, and 2022

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2022
Revenues		
Interest income	\$ -	\$ 985,697
Expenses		
Accretion	-	51,853

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2022
Business development	35,057	28,520
Consulting	465,438	438,255
Depreciation	61,364	54,652
General and administrative	51,458	27,920
Interest	8,549	741,863
Professional fees	204,101	57,291
Share-based payments	18,611	-
Transfer agent and filing fees	16,406	32,642
	(860,984)	(1,432,996)
Other items		
Gain on sale of investment	253,884	-
Rental income	18,692	-
Unrealized gain (loss) on investment	(210,421)	575,000
	62,155	575,000
Net and comprehensive income (loss)	\$ (798,829)	\$ 127,701

The Company has generated limited revenue and has reported net losses for most years since inception. The net loss was \$798,829 for the nine months ended December 31, 2023 (Net income December 31 2022 – 127,701). The increased net loss was due to a significant reduction in revenues resulting from the repayment of the Omni Loan and the associated loss of interest revenue earned. \$700k was advanced in December, recorded as an investment, no impact on loss.

Revenues of \$Nil were during the nine months ended December 31, 2023 (December 31, 2022 - \$985,697). Revenues were reduced due to the repayment of the Omni Loan and the associated loss of interest revenue earned.

Accretion expense was \$Nil for the nine months ended December 31, 2023 (December 31, 2022- \$51,853). Accretion expenses were reduced due to the repayment of the Omni Loan and the associated loss of interest revenue earned.

Business development expenses were \$35,057 for the nine months ended December 31, 2023 (December 31, 2022 - \$28,520) The expenses were marginally higher in 2023 than 2022 due to more time was incurred in the search for additional investments. Management expects to continue to expend time negotiating additional investments and securing financing.

Consulting fees were \$465,438 for the nine months ended December 31, 2023 (December 31, 2022 - \$438,255).

General and administrative expenses were \$51,458 for the nine months ended December 31, 2023 (December 31, 2022 – \$27,920). Expenses were more in current year due to an increase in overhead.

Interest expense was \$8,549 for the nine months ended December 31, 2023 (December 31, 2022 - \$741,863). The decrease in interest expense is due to the repayment of Omni Debentures in the prior year.

Professional fees of \$204,101 were incurred in the nine months ended December 31, 2023 (December 31, 2022 - \$57,291). These professional fees related legal & audit. Audit fees increased substantially in the current period due in part to the requirement to obtain an independent valuation of the Company's Nectar Loan and CG Loan as part of the year end audit.

Transfer agent and filing fees were \$16,406 for the nine months ended December 31, 2023 (December 31, 2022 - \$32,642). There were more filings in previous period.

Unrealized loss on the investment was \$210,421 compared to a gain of \$575,000 in the prior year, is due to the changes in the value of the investment in ASEP.

Gain on sale of common shares of ASEP Holdings was \$253,884 for the nine months ended December 31, 2023 (December 31, 2022 - \$Nil)

Three months ended December 31, 2023, and 2022

	For the three months ended December 31, 2023	For the three months ended December 31, 2022
Revenues		
Interest income	\$ -	\$ 342,528
Expenses		
Business development	25,798	16,973
Consulting	174,738	436,050
Depreciation	20,811	20,035
General and administrative	17,779	20,215
Interest	2,622	247,120
Professional fees	81,602	11,915
Share-based payments	18,611	-
Transfer agent and filing fees	6,715	4,874
	<u>348,676</u>	<u>757,182</u>
Other items		
Gain (loss) on sale of investment	14,137	-
Unrealized gain(loss) on investment	-	1,225,000
	<u>⌘ 14,137</u>	<u>1,225,000</u>
Net and comprehensive income (loss)	⌘ \$ (334,539)	\$ 810,346

The Company had net loss of \$334,539 for the three months ended December 31, 2023 (December 31, 2022 – (\$810,436)). The increased net loss was due to a significant reduction in revenues resulting from the repayment of the Omni loan and the associated loss of interest revenue earned.

Revenues were \$Nil for the three months ended December 31, 2023 (December 31, 2022 - \$342,428). Revenues were reduced due the repayment of the Omni Loan.

Business development expenses were \$25,798 for the three months ended December 31, 2023 (December 31, 2022 - \$16,973). Management expects to continue to expend time negotiating additional investments and securing financing.

Consulting fees were \$174,738 for the nine months ended December 31, 2023 (December 31, 2022 - \$436,050). Consulting fees in 2022 included fees for nine months

General and administrative expenses were \$17,779 compared to \$20,215 for the three months ended December 31, 2022.

Interest expense was \$2,622 for the three months ended December 31, 2023 (December 31, 2022 - \$247,120). The decrease in interest expense due to the repayment of Omni Debentures.

Professional fees were \$81,602 (December 31, 2022 - \$11,915). The professional fees related to audit and legal. Legal fees were considerably higher in the current period primarily due to expenses related to the Company's investment into GNQ Insilico.

Transfer agent and filing fees were \$6,715 (December 31, 2022 - \$4,874). Fees were slightly higher due to more filings in the current period.

Summary of Quarterly Results

The following is a summary of the Company's financial results for the eight most recently completed quarters. The financial data has, except as referred to in the footnotes to this summary, been prepared in accordance with IFRS and all figures are stated in Canadian dollars.

For the quarter ended:	December 31, 2022	September 30, 2023	June 30, 2023	March 31, 2023
Total Revenues	-	-	-	13,986
Net and comprehensive income (loss) for the period	(334,539) ⁽¹⁾	(433,676) ⁽²⁾	(30,614) ⁽³⁾	(1,337,044) ⁽⁴⁾
Income (loss) per share, basic and diluted	(0.01)	(0.01)	(0.00)	(0.04)

For the quarter ended:	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Total Revenues	342,528	329,894	313,275	576,819
Net and comprehensive income (loss) for the period	810,346 ⁽⁵⁾	3,208 ⁽⁶⁾	(685,847) ⁽⁷⁾	(382,880) ⁽⁸⁾
Income (loss) per share, basic and diluted	0.02	(0.00)	(0.02)	(0.01)

- (1) The Company's loss for the period includes non-cash items of gain on sale of common shares of ASEP Holdings of \$14,137 and an unrealized loss on investment of \$Nil.
- (2) The Company's loss for the period includes non-cash items of loss on sale of common shares of ASEP Holdings of \$80,593 and an unrealized loss on investment of \$43,233.
- (3) The Company's loss for the period includes non-cash items of gain on sale of common shares of ASEP Holdings of \$320,340 and an unrealized loss on investment of \$167,188.
- (4) The Company's loss for the period includes non-cash items of change in fair value of the Nectar Note and CGIC Note, gain on sale of common shares of ASEP Holdings of \$438,675 and an unrealized loss on investment of common shares of ASEP Holdings of \$1,217,942 and accretion of financing costs of \$39,317
- (5) The Company's loss for the period includes non-cash item of an unrealized loss on investment of common shares of ASEP Holdings of \$1,225,000
- (6) The Company's loss for the period includes non-cash items of accretion of financing costs of \$26,593
- (7) The Company's loss for the period includes non-cash items of accretion of financing costs of \$25,260 and an unrealized loss on investment of common shares of ASEP Holdings of \$650,000
- (8) The Company's loss for the period includes non-cash items of accretion of financing costs of \$64,479

Financial Condition, Liquidity and Capital Resources

The Company had total assets of \$1,904,025 as at December 31, 2023 (March 31, 2023 – \$1,967,777). The primary current assets of the Company as of such date consisted cash of \$427,165 (March 31, 2022 – \$731,564), other receivables and prepaids of \$46,860 and convertible notes of \$500,000 (March 31, 2023 - \$32,436). Accounts payable and accrued liabilities as at December 31, 2023, were \$715,899 (March 31, 2023 - \$253,578). The Company had working capital of \$258,126 as at December 31, 2023 (March 31, 2023 –\$1,054,510). On December 29, 2023, the Company paid \$700,000 to GNQ, in exchange for 59,322 common shares in the capital of GNQ, being 5.6% of the issued share capital of GNQ.

The Omni Investment matured on January 27, 2023. On this date the Borrower repaid in full the Omni Investment including interest from January 1, 2023 to January 27, 2023, being \$12,183,000 of loan principal, \$90,121 of loan interest.

At December 31, 2023, the Company had not yet achieved profitable operations, and had accumulated a deficit of \$6,727,561 (March 31, 2023 – \$5,928,732).

The Company's unaudited financial statements for the nine months ended December 31, 2023, were prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast substantial doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months from loans from related parties and or the private placement of common shares.

As at December 31, 2023, the Company had contractual obligations of accounts payable and accrued liabilities of \$662,319, lease liability of \$169,408.

Classification of financial instruments

Financial assets included in the Company's statement of financial position are as follows:

	December 31, 2023	March 31, 2023
FVTPL:		
Cash	\$ 427,165	\$ 731,564
Investment	700,000	375,925
Convertible notes	500,000	500,000
	\$1,627,165	\$ 1,607,489

Financial liabilities included in the statement of financial position are as follows:

	December 31, 2023	March 31, 2023
Non-derivative financial liabilities:		
Accounts payable	\$ 662,319	\$ 199,998

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial instruments classified as level 1 – quoted prices in active markets include cash and investment.

Financial instruments classified as level 3 include convertible notes.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements to which the Company is committed.

TRANSACTIONS WITH RELATED PARTIES

The Company considers its officers (CEO and CFO) and directors to be key management. Key management are those persons having authority and responsibility for planning, directing, and controlling activities, directly or indirectly, of the Company.

The following amounts were due to related parties as at the dates indicated and were included in accounts payable and accrued liabilities as at such dates. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

	December 31, 2023	March 31, 2023
CFO (Note 8)	\$ (2,675)	\$ (2,625)
CEO (Note 8)	(189,000)	(47,250)
Directors (Note 8)	(392,400)	(98,100)
Companies with common management	-	38,253
	\$ (584,025)	\$ (109,722)

Key management personnel compensation

	December 31, 2023	March 31, 202
CFO – Professional fees	\$ 23,625	\$ 31,500
CEO – Consulting fees	\$ 141,750	\$ 231,000
Directors – Consulting fees	\$ 194,300	\$ 436,000
Company with common management – rental income	\$ 13,994	\$ -

CRITICAL ACCOUNTING ESTIMATES

As disclosed in the December 31, 2023 unaudited nine month financial statements, and the Company's annual audited financial statements for the years ended March 31, 2023 (as are available on the Company's profile on SEDAR (www.sedar.com)), the Company has no critical accounting estimates.

CRITICAL ACCOUNTING POLICIES

There are no accounting policies that the Company has adopted, other than what was disclosed in the Company's annual audited financial statements for the year ended March 31, 2023.

RISK FACTORS

The business of the Company is subject to risks and hazards, some of which are beyond the Company's control. Shareholders must rely on the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. The following is a summary of some risks and uncertainties that management believes to be material to the Company's business. Additional risk factors are included in the Filing Statement, which is available under the Company's SEDAR profile at www.sedar.com.

Risk of Payment Defaults Under Investment Agreement

While the Company intends to structure its investments in such a way as to minimize the risk of default, there is no guarantee that investee companies will not default on their payment obligations because of business failure or obligations to other lenders, investors or stakeholders. Further, there is no assurance that, in the event of a default by an investee company, the Company will be able to recover all or any of its investment. Such failure could have an adverse impact on the Company's financial condition and results of operations. In addition, in the event investments in investee companies are structured on a subordinated or unsecured basis, the Company's rights, including payment rights, will be subordinate to the rights of secured lenders of investee companies and other parties holding security interests against investee companies. As such, upon a default by an investee company, there may be no funds left to permit the Company to recover its investment.

Dependence on the Performance of Investee Companies

The Company is, and will be, dependent on the operations, assets and financial health of the investee companies in which it makes investments. The Company's ability to meet its operating expenses in the long term will be largely dependent on the interest and other payments received from investee companies, which are expected to be the sole source of cash flow for the Company. While the Company intends to focus on special situation debt financing to Hillcore's pipeline of current and future private equity investments, payments to the Company from investee companies may be based on a percentage of such companies' top line revenues, in which case negative financial performance of an investee company will likely have a negative impact on the Company's cash flow. In addition, if the financing position of an investee company declines such that it is unable to make interest payments to the Company, the Company's financial condition and cash flow will be adversely affected.

The Company has conducted, and will conduct, due diligence on each of its investee companies prior to entering into agreements with them. In addition, the Company plans to monitor investee company performance through observer rights at board meetings of investee companies, negotiating rights to appoint one or more directors to the boards of investee companies, and receiving and reviewing regular financial reports from the investee companies. Nonetheless, there is a risk that there may be some liabilities or other matters that are not identified through the Company's due diligence or ongoing monitoring that may have an adverse effect on an investee company's business and, as a result, on the Company.

Lack of Control Over Investee Company Management

The Company does not expect to have a high degree of influence over any of its investee companies or their operations, including the Borrower. Payments received by the Company from investee companies may therefore depend upon several factors that may be outside of the Company's control.

Volatility of Share Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Company's common shares will trade from time to time cannot be predicted. The market price of the common shares is subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the common shares. If the Company is (as it is expected to be) required to access capital markets to carry out its business objectives,

the state of domestic and international capital markets and other financial systems could affect its access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

Financing Risks

The Company has no history of earnings or material revenue. In addition, the Company's business model is dependent on making investments in additional investee companies, and the Company anticipates having to raise additional capital to fund these investments. While the Company may generate additional working capital through equity or debt offerings, or through the receipt of interest or other payments from investee companies, there is no assurance that such funds will be sufficient to facilitate the development of the Company's business as envisioned or, in the case of equity financings, that such funds will be available on terms acceptable to the Company or at all. If available, future equity financing may result in substantial dilution to the Company's shareholders.

Limited Number of Investments

While the Company's intention is to negotiate and fund additional investments in companies in different industry sectors, it could take many years to create a diversified portfolio of investee companies and there is no guarantee the Company will ever achieve sufficient diversification. The Company may have a significant portion of its assets dedicated to a single business sector or industry for an extended period of time. In the event that any such business or industry is unsuccessful or experiences a downturn, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Ability to Negotiate Additional Investments

A key element of the Company's growth strategy is expected to involve negotiating and finding investments in other operating companies. Achieving the benefits of future investments will depend in part on successfully identifying and capturing such opportunities in a timely and efficient manner and in structuring such arrangements to ensure a stable and growing stream of revenues. The Company's ability to identify investee companies and negotiate and fund additional investments in such a manner is not guaranteed.

Risks Facing Investee Companies

As previously noted, the Company's financial condition and results of operations will be affected by the performance of the companies in which it invests. Each investee company will also be subject to risks which will affect their respective financial condition. Given that, other than with respect to the Initial Investment, the Company does not currently know the exact nature of the businesses in which it may make investments, it is impossible to predict exactly what risks investee companies will face. Nonetheless, typical risks which investee companies might be expected to face include the following:

- Investee companies may need to raise capital through equity or debt financing. Failure to obtain such equity or debt, or the terms of such equity or debt that may be available, may impair the ability of investee companies to finance their future operations and capital needs. Flexibility to respond to changing business and economic conditions may therefore be limited.
- The success of investee companies may depend on the talents and efforts of one or two persons or a small group of persons. The death, disability or resignation of one or more of these persons could have a material adverse impact on an investee company.

- Investee companies may require additional working capital to carry out their business activities and to expand their businesses. If such working capital is not available, the financial performance and development of the businesses of the investee companies may be adversely affected.
- Damage to the reputation of investee companies' brands could negatively impact consumer opinion of those companies or their related products and services, which could have an adverse effect on their businesses.
- Investee companies may face intense competition, including competition from companies with greater financial and other resources, and more extensive development, manufacturing, marketing and other capabilities. There can be no assurance that investee companies will be able to successfully compete against their competitors or that such competition will not have a material adverse effect on their businesses.
- Investee companies may experience reduced revenues through the loss of a customer representing a high percentage of their revenues.
- Investee companies may experience reduced revenues due to an inability to meet regulatory requirements or may experience losses of revenues due to unforeseeable changes in regulations imposed by various levels of government.
- Investee companies may rely on government or other subsidy programs for revenue or profit generation. Changes to, or elimination of, such programs may have an adverse effect on such companies.
- Investee companies may experience negative financial results based on foreign exchange losses.

Reliance on Key Personnel

The success of the Company is dependent on the abilities, experience, efforts and industry knowledge of its senior management and other key personnel. The long-term loss of the services of any key personnel for any reason could have a material adverse effect on the business, financial condition, results of operations or future prospects of the Company. In addition, the growth plans of the Company may require additional personnel, increase demands on management, and produce risks in both productivity and retention levels. The Company may not be able to attract and retain additional qualified management and personnel as needed in the future. There can be no assurance that the Company will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

DISCLOSURE OF OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

At December 31, 2023, there were 38,111,286 and on March 31, 2023 there were 34,211,286 issued and fully paid common shares.

On January 30, 2023 the Company decreased the exercise price of the warrants issued in previous private placement from \$0.115 to \$0.05 and extended the expiry date from March 24, 2023 to March 24, 2024 with all other terms of the warrants to continue in full force.

As of the date of this MD&A, the following securities of the Company were outstanding:

Common Shares – 40,611,286.

Warrants - The Company has 8,550,000 warrants outstanding, exercisable \$0.05, expiring March 24, 2024.

On October 31, 2023, the Company granted an aggregate of 4,750,000 incentive stock options to purchase up to 4,750,000 common shares of the Company to its directors under its Omnibus Equity Incentive Plan. The Options are exercisable for a period of two years from the date of grant, expiring on October 31, 2025, at a price of \$0.05 per Share, and are vested.

OTHER INFORMATION AND BOARD APPROVAL

Additional information about the Company is available on SEDAR at www.sedar.com. This MD&A has been reviewed and approved by the Board of Directors of the Company.