

Liquid Avatar Technologies Inc.

(Formerly KABN Systems NA Holdings Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS for the year ended December 31, 2020

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2020 of Liquid Avatar Technologies Inc. (the "Company" or "LA"). Such financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

DATE

This MD&A is prepared as of April 28, 2021.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report are forward-looking statements, which reflect our management's expectations regarding our future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits we will obtain from them. These forward-looking statements reflect management's current views and are based on certain assumptions and speak only as of the date of this report. A number of risks and uncertainties could cause our actual results to differ materially from those expressed or implied by the forward-looking statements, including: (1) a downturn in general economic conditions, (2) delays in technology development, (3) industry competition, (4) the uncertainty of market acceptance, (5) potential negative financial impact from regulatory investigations, claims, lawsuits and other legal proceedings and challenges, (6) inability to finance, and (7) other factors beyond our control, including the risks set out under the heading "Risk Factors" below.

There is a significant risk that such forward-looking statements will not prove to be accurate. Investors are cautioned not to place undue reliance on these forward-looking statements. No forward-looking statement is a guarantee of future results. We disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

THE COMPANY

The Company was incorporated under the laws of the province of British Columbia on September 10, 2014 as Torino Ventures Inc. The Company changed its name to Torino Power Solutions on November 13, 2016. The Company changed its name to KABN Systems NA Holdings Corp. on June 4, 2020 and on March 1, 2021 the Company changed its name to Liquid Avatar Technologies Inc. The Company wholly owns Liquid Avatar Operations Inc. (formerly KABN Systems North America Inc. and referred to herein as "KABNNA").

On January 13, 2020, the Company and its newly formed wholly owned subsidiary 2733668 Ontario Inc. entered into a Business Combination Agreement with KABN NA, an arm's length private company, providing for a transaction (the "RTO Transaction") whereby the Company would acquire all of the issued and outstanding shares of KABN NA in exchange for issuance of common shares of the Company following the Consolidation (as defined below) ("Common Shares"). Immediately prior to the completion of the RTO Transaction, the Company completed a 1-for-10 share consolidation (the "Consolidation"). The RTO Transaction closed on June 4, 2020 and resulted in the business of KABN NA becoming the business of the Company.

Immediately subsequent to giving effect to the RTO Transaction, the issued and outstanding share capital of the Company was 65,750,228 common shares, undiluted. The former shareholders of KABN NA held 59,777,942 Common Shares (inclusive of the 14,490,912 Common Shares issued in connection with a concurrent financing by KABN NA), representing 91% of the post-RTO Transaction issued and outstanding Common Shares. On a fully diluted basis, there were 85,329,595 Common Shares issued and outstanding, with the former shareholders of KABN NA holding 59,777,942 common shares of the Company representing 70% of the post-RTO Transaction fully diluted Common Shares.

References to the Company herein mean of Liquid Avatar Technologies Inc. and its wholly owned subsidiaries, unless otherwise noted, from June 4, 2020 to present, and mean KABN NA prior thereto.

DESCRIPTION OF BUSINESS

The Company is the exclusive licensee for the US and Canada of KABN (Gibraltar) Ltd.'s ("KABN Gibraltar") financial services platform (the "KABN IP"), which provides organizations with enabled identity validation and verification processes. The Company focuses on the verification, management and monetization of digital identity, empowering users to control and benefit from use of their online identity. KABN provides its products and services at no cost to consumers and generates revenues through permission-based partner programs. The propriety technology suite (the "KABN Platform") includes 4 key products: Liquid Avatar, KABN ID, KABN Card and KABN KASH.

Liquid Avatar

Liquid Avatar is the focal point of the Company's offerings, at no cost to the consumer. The platform requires biometrically-verified identity to have an account, in which to hold various 3rd party Credentials, from different facets of online life: access credentials, qualifications, validations, or certifications (such as receipt of a vaccine) as examples. There is only one account per user which establishes uniqueness of the account holder's ID. A Liquid Avatar is a high quality, biometric and blockchain secured online version of you. You can also create different Liquid Avatars for each facet of your personality, but all will be tied to your singular ID verified account. Different icons (avatars) can be created for different groups, like family, friends, school, business, social media, and others. With Liquid Avatar when you go online, you can easily and securely provide who you are and share only the information that you want to share with others. The way in which Liquid Avatar derives revenue is through commission driven by the Company's other offerings of KABN KASH and KABN Card, because the Company, on an opt-in basis, provides major online sellers with real (verified) users instead of fake account profiles or 'bots'. It's like having your own passport, wallet and keyring right in your digital pocket. With Liquid Avatar, you control and manage your digital identity, private and public data and how it's used. While Liquid Avatar is free of charge to its user base, in future, micropayments for application use may be charged to verifiers of credentials. Associated partnerships that wish to have a user base verified using the Liquid Avatar verification system will have associated implementation fees and ongoing maintenance fees based on service levels provided.

KABN ID

KABN ID is an *Always On*, biometric and blockchain based digital identity validation and verification platform allowing users to continuously and confidently prove themselves throughout the online community. It is intended that this platform is to be fully incorporated into Liquid Avatar, sometime during fiscal 2021. Increasingly stringent verification standards will include revenue from businesses that need to verify their user base, such as a validated investor credential, and will carry a fee for each verified user.

KABN Card

KABN Card is a Visa approved prepaid card program allowing users access, through a partner managed platform, to hold a digital payment method without needing a credit card account and to earn cashback and other loyalty incentives. The Company shares in network fees and commissions.

KABN KASH

KABN KASH is a cashback, loyalty and engagement program also offered to Liquid Avatar account holders that powers the KABN revenue ecosystem. Affiliations with several hundred major online merchant brands provide a wide network of channel marketing opportunities for these brands which can access real users as noted above and share in commissions on sales transacted with Liquid Avatar users. Users are incented by KABN KASH's offers of significant discounts, and cash back based on spending levels.

The Company's license with KABN Gibraltar enables the Company to operate exclusively the KABN Card, KABN KASH and verification business for the North American region (Canada and the United States of America) utilizing intellectual property and services provided by KABN Gibraltar. KABN Gibraltar licensed components of the intellectual property from Crypto KABN Holdings Inc to enable one direct license between KABN Gibraltar and the Company. As at December 31, 2020, Crypto KABN Holdings Inc. and KABN Gibcan Inc. held a combined 26.35% of the Company's total common shares outstanding. KABN Gibraltar controls KABN Gibcan Inc.

SUMMARY OF QUARTERLY RESULTS

The following is a summary of the Company's financial results for the eight most recently completed quarters (This table starts with the incorporation of KABN NA's (now Liquid Avatar Operations Inc.) business and therefore there are less than 8 quarters of history):

	Quarter Ended December 31, 2020 \$	Quarter Ended September 30, 2020 \$	Quarter Ended June 30, 2020 \$	Quarter Ended March 31, 2020 \$	Quarter Ended December 31, 2019 \$	Quarter Ended September 30, 2019 \$	Period Ended June 30, 2019 \$
	12/31/2020	09/30/2020	06/30/2020	03/31/2020	12/31/2019	09/30/2019	06/30/2019
Revenue	Nil	Nil	Nil	80	Nil	15,277	Nil
Net income (loss)	(1,963,099)	(1,139,708)	(2,111,282)	(425,107)	(202,515)	(372,921)	(37,992)
Loss per share, basic and diluted	(0.028)	(0.017)	(0.04)	(0.009)	(0.004)	(0.01)	(0.001)

The business of the Company's wholly owned subsidiary KABN NA (now Liquid Avatar Operations Inc.) commenced on May 1, 2019. The comparative figures presented throughout this MD&A are the historical results of KABN NA (now Liquid Avatar Operations Inc.) and represent a partial period of results commencing May 1, 2019 to December 31, 2019.

OVERALL PERFORMANCE (for the quarter ended December 31, 2020)

The Company had a net loss of \$1,963,099 for the quarter ended December 31, 2020 compared to a net loss of \$202,515 for the quarter ended December 31, 2019. The Company commenced operations on May 1, 2019 and had much lower operational expenses for the prior year's comparative period. The main expenses in the prior period were legal fees of \$67,555, amortization of intangible assets of \$67,255, consulting expenses of \$15,000 and marketing and communications of \$15,000. The main drivers of the net loss for the quarter ended December 31, 2020 were a ramp up of product development and launch activities of \$412,311 and management and staff expenses of \$292,045. A variety of service providers agreed to take payment in the form of equity and others required a prepayment in cash for services. As a result, \$337,500 of financial advisory and agency fees was paid in the form of equity and a portion of the marketing and communication expense of \$426,419 is amortization of prepaids. In addition, stock-based compensation of \$303,925 and amortization of intangible assets of \$67,255 are non-cash.

The Company closed a non-brokered and a brokered financing during the quarter. The non-brokered financing was for gross proceeds of \$3 million and the brokered financing was for gross proceeds of \$1,150,000.

RESULTS OF OPERATIONS (for the quarter ended December 31, 2020)

No revenue was recorded by the Company for the quarter ended December 31, 2020. Management has focused its recent activities on enhancing further elements of its technical platform, and its product features to build revenue generating partnerships. Revenues were also Nil in the previous quarter ended December 31, 2019.

The Company incurred legal fees and audit fees of \$29,270 during the quarter ended December 31, 2020. These expenses relate to ongoing operations and reporting matters for the Company. \$67,555 in legal and audit fees were incurred during the quarter ended December 31, 2019. The Company incurred costs towards its efforts to trade its securities on a public exchange initially pursued through an initial public offering route. This required significant legal and audit related professional services.

The Company incurred marketing and communications expenses of \$426,419 for the quarter ended December 31, 2020. A number of investor/public relations campaigns and business development activities were initiated around the time of the RTO Transaction with the majority being service arrangements over a period of time, resulting in a recording of a prepaid expense that is amortized over the service period. Therefore, a significant portion of the expense relates to this amortization. In conjunction with the anticipated and closed financings in December 2020, additional communications expenses were also incurred in the fourth quarter. Marketing and communications expenses incurred during the quarter ended December 31, 2019 were \$15,000 and relate to the efforts in conjunction with the initial public offering activities.

The Company incurred \$412,388 for product development for the quarter ended December 31, 2020. Product development includes technical development as well as developing commercial features, benefits, their applications, and any program fees. \$325,000 of the costs were incurred through KABN Gibraltar, with \$87,388 through direct vendors to the Company. During the quarter ended December 31, 2019 no costs were incurred in product development.

The Company incurred \$292,045 during the quarter ended December 31, 2020 related to management and staff. Included in this category are fees to KABN Gibraltar of \$30,000 per month. There were no management and staff costs for the quarter ended December 31, 2019 as the Company and KABN Gibraltar had agreed to a nine-month period where no cash compensation would be provided for services rendered to the Company. In addition, the Company did not have any direct management and staff costs for the quarter ended December 31, 2019.

The Company incurred consulting fees of \$65,170 from a number of consultants during the quarter ended December 31, 2020. The Company has engaged consultants to perform various functions for the Company. None of the current consultants have a long-term commitment from the Company. During the quarter ended December 31, 2019 \$15,000 was incurred for consulting work.

The Company incurred \$16,914 for general and administrative expenses and \$16,579 for web and infrastructure costs during the quarter ended December 31, 2020. During the quarter ended December 31, 2019, \$2,813 was incurred for general and administrative expenses and \$8,790 for web and infrastructure costs.

The Company incurred \$67,255 in amortization during the quarter ended December 31, 2020 and 2019 related to intangible assets derived from the license with KABN Gibraltar. The Company records amortization on a straight-line basis.

During the quarter ended December 31, 2020, the Company recognized \$303,925 in total stock-based compensation expense. \$86,135 of stock-based compensation was recognized in conjunction with a grant of stock options that occurred on June 1, 2020 prior to the finalization of the RTO Transaction. 4,350,000 stock options were granted at an exercise price of \$0.15 per Common Share and carried vesting terms of 40% immediately 30% in six months from the date of grant and 30% in twelve months from the date of grant and expire 2 years from the date of grant. \$217,790 of stock based-compensation was recognized in connection with grants of stock options during the fourth quarter that carry immediate vesting terms. There is no comparable expense for the quarter ended December 31, 2019, as no stock options were issued. Stock-based compensation is recognized as an operating expense with a corresponding amount recognized in contributed surplus.

Foreign exchange gain of \$4,496 incurred during the quarter ended December 31, 2020 is related to the exchange fluctuation between the Canadian dollar and the United States dollar on US denominated payables. The foreign exchange gain of \$2,398 during the quarter ended December 31, 2019 related to the balance fluctuations on the fees payable to KABN Gibraltar on account of the exclusive license, which was denominated in United States dollars.

OVERALL PERFORMANCE (for the year ended December 31, 2020)

The Company recognized a net loss of \$5,639,196 for the year ended December 31, 2020 compared to a net loss of \$613,428 for the period ended December 31, 2019. The operating company commenced operations on May 1, 2019 and had a partial period for the prior comparative period. The main expenses in the prior period were legal fees of \$285,185, amortization of intangible assets of \$168,137, agent fees of \$50,000 and marketing and communications of

\$63,969. The Company was initially preparing for an initial public offering of KABN NA prior to pursuing the RTO Transaction.

Significant drivers of the year ended December 31, 2020 net loss included non-cash items such as the charge for the public company listing as a result of the RTO Transaction of \$951,504 and Stock-based compensation for \$671,741 and amortization of \$269,020. A variety of service providers agreed to take payment in the form equity and others required a prepayment in cash for services. As a result, agency fees for \$337,500 and much of the marketing and communication expense of \$1,038,643 is amortization of prepaids were also non-cash expenses. Significant costs that are predominately cash costs include a ramp up of product development and launch activities of \$664,899 and management and staff expenses of \$749,545.

On May 20, 2020 and June 1, 2020, the Company completed private placements in connection with the RTO Transaction for aggregate gross proceeds of \$2,173,637. The Company closed two additional financings in December 2020, a non-brokered financing on December 21, 2020 for gross proceeds of \$3 million and a brokered financing on December 23, 2020 for gross proceeds of \$1,150,000. Investors exercised warrants during the year for proceeds of \$202,227.

RESULTS OF OPERATIONS (for the year ended December 31, 2020)

\$80 in revenue was recorded by the Company for the year ended December 31, 2020. Management focused on completing its financing and the RTO Transaction in the earlier part of the year, and in the second half of the year on enhancing elements of its technical platform and product features to allow for additional revenue potential. Substantial time was spent in capitalizing the Company to allow for further business development and communications programs in order to launch commercially in 2021. Prior period revenues have been for early adopting customers of the KABN ID platform for implementation/development fees. Revenue for the period ended December 30, 2019 was \$15,277.

The Company incurred legal fees and audit fees of \$348,578 during the year ended December 31, 2020. These expenses relate to activities leading towards completing the RTO Transaction as well as general corporate matters. \$285,185 in legal and audit fees were incurred during period ended December 31, 2019 in connection with previous efforts to take KABN NA public.

The Company incurred marketing and communications expenses of \$1,038,643 for the year ended December 31, 2020. The Company commenced investor and public relations and business development activities as the RTO Transaction and related financing were being finalized. A number of campaigns were initiated, with the majority being service arrangements over a period of time, resulting in recording a prepaid expense to be amortized over the service period. The majority of the marketing and communication expenses are amortization of these arrangements. Similar arrangements will occur in the normal course but to a lesser extent than those initiated near the time of the RTO Transaction. Marketing and communications expenses incurred during the period ended December 31, 2019 were \$63,969 and relate to the initial efforts in conjunction with previous efforts to take KABN NA public.

The Company incurred \$749,545 during the year ended December 31, 2020 related to management and staff. Of this amount KABN Gibraltar provided support services at a rate of \$40,000 per month from February 15, 2020 to June 30, 2020 and \$30,000 per month from July 1, 2020 to December 31, 2020. There were no management and staff costs for the period ended December 31, 2019 as the Company and KABN Gibraltar had agreed to a nine-month period where no cash compensation would be provided for services rendered to the Company. In addition, the Company did not have any direct management and staff costs for the period ended December 31, 2019.

The Company incurred \$664,899 for product development for the year ended December 31, 2020. Product development includes technical development as well as developing commercial features, benefits, their applications and any program fees. \$475,000 of the costs were incurred through KABN Gibraltar, with \$189,899 through direct vendors to the Company. During the period ended December 31, 2019, the Company incurred \$10,000 in product development.

The Company incurred consulting fees of \$339,636 from a number of consultants for the year ended December 31, 2020. The Company has engaged consultants to perform various functions for the Company. None of the current consultants have a long-term commitment from the Company. During the period ended December 31, 2019, \$36,000 was incurred for consulting work.

The Company incurred \$44,269 for general and administrative expenses and \$60,177 for web and infrastructure costs during the year ended December 31, 2020. These costs are from a variety of vendors and are characterized as overhead. During the period ended December 31, 2019 \$9,035 was incurred for general and administrative expenses and \$19,347 for web and infrastructure costs.

The Company incurred \$2,540 in interest expenses during the year ended December 31, 2020 relating to a short-term loan originated in the first quarter of 2020, where the repaid principal was invested in a subsequent private placement. A loan fee of \$15,000 was incurred during second quarter related to this loan. Interest during the period ended December 31, 2019 of \$703 related to interest on a convertible debenture, where the repaid principal was invested in a subsequent private placement.

The Company incurred \$140,940 (USD denominated \$100,000 as of May 15, 2020) for the first annual fee on account of the license and usage of technology to KABN Gibraltar. This was recorded as an expense during the year ended December 31, 2020. During the period ended December 31, 2019 there was no expense on account of license fees other than amortization since the initial payment on the exclusive license fee was recorded as an intangible asset.

The Company incurred \$337,500 in fees in connection with a financial consulting arrangement entered into in November 2020, which includes the issuance of shares and warrants for financial advisory services. In the period ending December 31, 2019, cash agency fees of \$50,00 were paid to firms that were engaged as part of an initial plan to pursue an initial public offering.

The Company incurred \$269,020 in amortization during the year ended December 31, 2020 related to intangible assets derived from its exclusive license. The license enables the Company to operate exclusively the KABN Card, KABN KASH and verification businesses for the North American region (Canada and the United States of America) utilizing technology and services provided by KABN Gibraltar. The license was signed May 15, 2019 and \$168,137 in amortization was recognized during the period ended December 31, 2019. Amortization is recorded on a straight-line basis.

In conjunction with the RTO Transaction being finalized, the Company recorded a public company charge of \$951,504 during the year ended December 31, 2020. The charge relates to the purchase price allocation and under IFRS 2 is a share-based payment in addition to the liabilities of Torino Power Solutions Inc. assumed as part of the RTO Transaction. The purchase price was \$0.15 per share, which is the same value as the most recent financing round by the Company and the most objective evidence of fair value. This was recorded on June 4, 2020 as a one-time charge and there was no comparable item during the period ended December 31, 2019.

During the year ended December 31, 2020, the Company recognized \$671,741 in total stock-based compensation expense. \$411,950 of stock-based compensation was recognized in conjunction with a grant of stock options that occurred on June 1, 2020 prior to the finalization of the RTO Transaction. 4,350,000 stock options were granted at an exercise price of \$0.15 per common share and carry vesting terms of 40% immediately 30% in six months from the date of grant and 30% in twelve months from the date of grant, and expire 2 years from the date of grant. \$259,791 of stock based-compensation expense was recognized in connection with grants of stock options during the 3rd and 4th quarters that carry immediate vesting terms. There is no comparable expense for the period ended December 31, 2019 as no stock options were issued. Stock-based compensation is recognized as an operating expense with a corresponding amount recognized in contributed surplus.

Foreign exchange loss of \$5,155 incurred during the year ended December 31, 2020 is related to the exchange fluctuation between the Canadian dollar and the United States dollar on US denominated payables. The foreign exchange gain of \$18,217 during the period ended December 31, 2019 was largely related to the balance fluctuations on the fees payable to KABN Gibraltar on account of the exclusive license, which is denominated in United States Dollars.

LIQUIDITY AND CAPITAL RESOURCES

The Company held cash of \$2,588,590 and had positive working capital of \$2,446,751 as at December 31, 2020. The Company is an early stage entity with little revenue while incurring costs to complete financing efforts, to complete the RTO Transaction and complete its critical marketing, business development and product development programs. As the Company completes additional financing efforts and commercially launches its programs, working capital is expected to improve, but will continue an operational burn until that time.

The Company closed two tranches of its private placement of common share units on May 20, 2020 and June 1, 2020 prior to the finalization of the RTO Transaction. The gross proceeds from the private placements was \$2,173,637. The Company's financing plans were substantially delayed due to the COVID-19 pandemic, including the process to complete the RTO Transaction and the Company had not completed a significant financing since August 2019 which resulted in less remaining working capital than anticipated. Prior to the completion of the RTO, the Company operated with minimal liquidity and expenses, other than the accrued costs for the services to prepare for the RTO Transaction and support additional financing. The Company required substantial expansion of its marketing, business and product development plan due to the financing delays. The Company was able to procure certain service agreements through issuance of shares for services though other service providers required cash settlement. The service providers often require payment up front for their service periods which range from four to twelve months. These include procurement for critical marketing, investor and public relations and business development activities.

There was a larger than anticipated cash requirement as part of the activities to support the RTO Transaction and the marketing, public relations and business development efforts noted above due to the prepayment requirement. In addition, cash flows for product development and the management and staff costs post RTO Transaction were greater than they had been prior to the financing raised at that time.

On November 11, 2020, the Company engaged Mackie Research Capital Corporation, now Research Capital Corporation ("RCC"), as a financial and capital markets advisor. The service agreement includes providing advice and assistance in connection with defining strategic and financial objectives, making initial contacts with potential institutional and strategic investors, maintaining a regular dialogue with the Company in regards to corporate development, strategic growth objectives as well as general market sentiment, assist in maintaining an orderly and liquid market in the Company's shares and increasing market awareness of the Company. The Company retained RCC as its Canadian financial advisor for a term of twelve (12) months ending November 10, 2021. As part of the compensation for its services, RCC will receive a monthly fee of \$6,500 for its trading advisory services for a minimum of six months with extension by mutual agreement and it received a financial advisory fee of \$75,000 payable in common shares in the capital of the Company at a deemed price equal to \$0.15 per common share. In addition, the Company issued 1,500,000 common share purchase warrants to RCC. Each such warrant will allow RCC to purchase one Common Share at an exercise price of \$0.20 at any time up to 24 months following the date of issuance.

The Company closed a non-brokered financing on December 21, 2020 and a brokered financing on December 23, 2020. The non-brokered financing was for gross proceeds of \$3,000,000 and the brokered financing was for gross proceeds of \$1,150,000. This financing added to the Company's liquidity position and provided further investment to be focused on specific revenue generation/customer acquisition, finalizing product development/commercial launch activities, marketing and derivative technology development.

The Company received \$202,227 in gross proceeds from warrant exercises during the year ended December 31, 2020. A portion of the Company's outstanding warrants expire in January and February 2021 and provided additional near-term liquidity as all remaining parties exercised their warrants prior to their expiry dates. The Company as of the date of this MD&A has just over 51 million warrants and options that are exercisable at prices between \$0.15 and \$0.20 per share for potential proceeds of up to approximately \$10.9 million.

While additional financing will assist substantially in the Company achieving its commercialization plans, the Company's future capital requirements will depend upon many factors. The Company, depending on its resource requirements may have to rely upon the sale of equity securities for cash required to expand its operations, and to fund the administration of the Company. There is no assurance that future financing, whether debt or equity, will be available to the Company in the amount required by the Company at any particular time or for any period and that such financing can be obtained on terms satisfactory to the Company.

During the year ended December 31, 2020, the Company incurred a net loss of \$5,639,196 and had a deficit of \$6,252,624. These factors raise uncertainty about the Company's ability to continue as a going concern.

The continued operations of the Company are dependent on its ability to generate future cash flows from operations or obtain additional financing. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. If the Company is unable to raise additional capital in the future, management expects that the Company will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures.

Operating Activities

The Company used net cash of \$2,726,998 in operating activities during the year ended December 31, 2020 and \$458,962 during the period ended December 31, 2019. For 2020, the Company's net loss was \$5,639,196 and had reductions for non-cash expenses including the public company RTO charge of \$951,504, Stock Based Compensation of \$671,741, Expenses paid in shares of \$876,658 and amortization of \$269,020. Change in non-cash working capital and immaterial items totaled \$143,275. For 2019, the Company's net loss was \$613,428 and had reductions for non-cash expenses including amortization of 168,137 and changes in non-cash working capital and immaterial items totaled \$50,262.

Financing Activities

The Company received net cash of \$5,331,731 in financing activities during the year ended December 31, 2020 which related to the various equity private placements and one short term loan, where the repaid principal was invested in a subsequent private placement. The Company received net cash of \$1,063,703 in financing activities predominately from private placements, along with a small convertible debenture during the period ended December 31, 2019.

Investing Activities

The Company used net cash of \$18,627 in investing activities during the year ended December 31, 2020 related to the acquisition of computer related equipment and \$668,674 during the period ending December 31, 2019 related to the cash component paid toward the exclusive license with KABN Gibraltar.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The Company's related parties include its key management personnel, and companies related by way of directors or shareholders in common.

During the year ended December 31, 2020, the initial license fee of \$1,345,100 (US\$ 1,000,000) that was recorded as an intangible asset has been paid in full to KABN Gibraltar.

On May 15, 2020, the first anniversary of the license agreement, US\$100,000 was due and paid to KABN Gibraltar, and on each anniversary thereafter, an annual license fee of \$250,000 USD will be due to KABN Gibraltar. Royalties of 14% of gross margins of the Company are payable to KABN Gibraltar calculated on annual calendar results.

There was no cash compensation paid to management by the Company for the period ended December 31, 2019. Management has been provided to the Company by KABN Gibraltar for a maximum period of nine months from May 15, 2019. On February 15, 2020, the maximum period of no cash compensation paid to management of nine months expired. KABN Gibraltar agreed to provide management services on an interim basis at the rate of \$40,000 per month from the date of expiry to the date of finalization of the RTO Transaction. For the year ended December 31, 2020, 360,000 has been billed by KABN Gibraltar for management services all of which has been paid as at December 31, 2020. KABN Gibraltar has continued to provide certain management and support services to the Company during the year ended December 31, 2020.

For the year ended December 31, 2020, product and technical development and operational services were incurred by KABN Gibraltar for the benefit of the Company in the amount of 475,000, of which \$175,100 is payable as at December 31, 2020. There are no fixed terms of repayment.

During the Company's second quarter \$6,350 that was due from Pegasus Fintech Canada Inc., an affiliate controlled by an officer of the Company, was repaid by the Company.

SUBSEQUENT EVENTS

On March 1, 2021, the Company changed its name from KABN Systems NA Holdings Corp. to Liquid Avatar Technologies Inc. and its ticker symbol from KABN to LQID.

ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

In January 2020, the IASB issued amendments to IAS 1, "Presentation of Financial Statements" to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and is unaffected by expectations about whether or not an entity will exercise their right to defer settlement of a liability. The amendments further clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

These amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The adoption of these amendments is not expected to have a significant impact on the consolidated financial statements.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial instruments consist of payables to KABN Gibraltar, accounts payables and accrued liabilities. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values unless otherwise stated.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

A breakdown of all material components of expenses of the Company is set forth in the consolidated financial statements for the year ended December 31, 2020.

DISCLOSURE OF OUTSTANDING SHARE DATA

Common Shares

The Company has 104,105,903 Common Shares issued and outstanding as of April 28, 2021.

Share Purchase Warrants

The Company has 34,383,573 share purchase warrants outstanding exercisable into 34,383,573 Common Shares as of April 28, 2021.

Broker Compensation Options

The Company has 1,601,845 broker compensation options outstanding, which are exercisable, each, into one Common Share and one share purchase warrant. The broker compensation options are exercisable into an aggregate of 3,203,690 Common Shares as of April 28, 2021.

Stock Options

The Company has 13,425,000 stock options outstanding convertible into 13,425,000 Common Shares as of April 28, 2021.

RISK FACTORS

Much of the information included in this report includes or is based upon estimates, projections or other forward-looking statements. Such forward-looking statements include any projections or estimates made by the Company and its management in connection with the Company's business operations. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect the Company's current judgment regarding the direction of its business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Except as required by law, the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances occurring after the date of such statements.

Such estimates, projections or other forward-looking statements involve various risks and uncertainties as outlined below. The Company cautions readers of this report that important factors in some cases have affected and, in the future, could materially affect actual results and cause actual results to differ materially from the results expressed in any such estimates, projections or other forward-looking statements. In evaluating the Company, its business and any investment in its business, readers should carefully consider the following factors:

Risks Related to the Company's Business

Because of the unique difficulties and uncertainties inherent in early stage development, the Company faces a high risk of business failure. The Company currently does not generate revenue from its operations, and as a result, the Company faces a high risk of business failure

The Company has a history of operating losses and may never achieve profitability in the future. The Company is an early stage technology company.

The Company's ability to generate future revenue or achieve profitable operations is largely dependent on its ability to attract and retain the experienced management and know-how to develop and commercialize its programs. Successfully commercializing the current programs and gaining critical mass of client adoption may take several years and significant financial resources and the Company cannot assure that it can achieve these objectives.

The Company may become involved in legal matters that may materially adversely affect it

From time to time in the ordinary course of our business, the Company may become involved in various legal proceedings, including commercial, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause the Company to incur significant expenses. Furthermore, because litigation is inherently unpredictable, and can be highly expensive, the results of any such actions may have a material adverse effect on the Company's business, operations or financial condition.

Reliance on KABN Gibraltar license

The intellectual property under the license with KABN Gibraltar (referred to herein as the "KABN Platform") is built upon the intellectual property developed by KABN Gibraltar (referred to herein as "KABN IP" and in particular verification IP. The Company's business will be entirely dependent on the availability to it of the verification IP and the right to use it to operate the KABN Platform. A loss of, or restriction on using, any material part of the KABN IP, would significantly impact the operations of the Company, including its ability to offer services to current and future Clients and customers which could have a material and adverse impact on the Company's revenues, results of operations, cash flows and prospects.

Reliance on payment card networks and related financial services providers

The KABN Gibraltar License, includes the ability to offer the KABN Card within Canada and the United States of America subject to approvals by payment card networks and issuing banks. Payment card networks and issuing banks could exclude the Company from their approval which would require the Company to seek approval from an alternative payment card network and/or issuing bank, which could delay or eliminate the Company's ability to issue a digital currency-linked card in Canada and/or the United States of America, as payment card networks provide program approvals regionally.

Although KABN Gibraltar has been conditionally approved to run a digital currency-linked network branded prepaid card program in the United Kingdom and Europe, and the Company has been approved to run a similar prepaid card program in Canada, there is no guarantee that a similar program will be approved in the United States of America.

Once approved, payment card networks and issuing banks could create new governance/franchise rules which could negatively impact the Company's card products which could require the Company to seek approval from an alternative payment card network which could suspend the Company's ability to issue a digital currency linked card for an unknown period of time.

Financial and related services risks

The Company's financial and related services, which will include card partners, payment card networks and issuing banks in Canada and the United States of America, could change their position and/or rescind approved program status which would require the Company to seek approval from an alternative issuing bank which could delay or eliminate the Company's ability to issue or continue to issue the KABN Card.

The Company's card program, payment card network and issuing banks(s) could implement new rules and/or fees that impact revenues for the KABN Card, which could material and adverse impact on the Company's revenues, results of operations, cash flows and prospects.

The Company will be reliant on payment card networks and issuing banks to conduct its business, particularly to provide functionality for the KABN Card. There is a risk that one or more of these issuing banks may cease to deal with the Company (which may occur on short notice), cease to deal with international payments services generally, substantially reduce the services it offers, substantially alter the terms on which it is willing to offer services to the Company, or exit one or more of the markets for which the Company uses its services.

The KABN Platform may not gain the level of market acceptance needed to make the Company profitable or achieve its growth objectives

The Company could experience difficulty in securing clients within Canada and the United States of America, which would also reduce the number of users of the KABN Platform. This would slow the Company's revenue growth and path to positive cash flow and profitability, and materially and adversely impact the Company's prospects, which could negatively impact market value of the Common Shares.

Even if the Company secures a significant level of clients and users of the KABN Platform within Canada and the US, the KABN Card could experience low adoption by end users or relatively low spend volume which could negatively impact related fees from the card and from KABN KASH and thus have a material and adverse impact on the Company's revenues, cash flows, profitability and financial position.

While the Company has a budget for marketing and communications to help support its efforts to gain market acceptance, secure new clients and promote revenue programs, such funds may not be sufficient to achieve the Company's revenue goals. If additional funds are required for marketing and communication, the Company may need to allocate funds from other uses, or raise additional capital, which could result in dilution to holders of the Common Shares, additional interest expense or both.

The Company could experience a limitation or stagnation in the ability to acquire cardholders in Canada and the United States of America which could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The Company's card partners, payment card network and/or issuing banks could introduce new fees or assessments which could negatively impact the value proposition of KABN Card.

The KABN Platform will be subject to competing service offerings, including new technologies

Alternative payment card network, banking or payment solutions could be introduced to the Canadian and American markets which could compete or outsell the Company's offerings and suite of services. Additionally, unknown new programs for the movement of funds, alternative banking and payment solutions may be introduced in the future that may have an impact on the Company's ability to compete in the marketplace.

The Company believes that the KABN Platform provides a unique market proposition in providing identity verification that is portable, secure and cost effective. Notwithstanding this, the industry in which the Company will operate is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than the Company. Numerous entities around the world may compete with the Company's efforts to commercialize, develop and expand products and services. Competitors may develop products in advance of the Company, products that are more effective than those developed by the Company, or that have or gain greater market acceptance. As a consequence, the Company's current and future technologies and products may become obsolete or uncompetitive, resulting in a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The identity verification and financial and related solutions markets are highly competitive and the Company's offering competes with other financial related services businesses, including other businesses focused on identity verification and management. Many existing providers either compete directly with the Company or provide services that are potential substitutes. The Company's major existing competitors will include identity verification companies, banks, money transfer organizations and other international payments specialists. New competitors, services and business models that will compete with the Company are likely to arise in the future. Many of these existing and potential competitors have or may have substantially more resources than the Company and have or may have product and service solutions that are more attractive to clients and customers.

There is a risk that an existing or future competitor:

- allocates significantly more resources to competing in the Company's markets, including resources devoted to marketing, developing technology and/or client service;
- develops a lower cost or more effective business model, for example by developing or acquiring a more sophisticated technology platform or service delivery method;
- responds to changes to regulations, new technologies or changes in client requirements faster and more effectively than the Company; or
- develops new services that compete more directly with the Company than their current services.

A substantial increase in competition for any of these reasons could result in the Company's services becoming less attractive to existing and potential Clients and Customers, requiring the Company to increase its marketing or capital expenditure, lower prices or fees, or alter other aspects of its business model in order to remain competitive, any of which could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

There are significant regulatory and legislative risks

The KABN platform assists Clients with their AML and KYC compliance obligations in relation to their customers. Future legislative changes to AML, KYC or other similar requirements, may result in the Company's verification program not being as effective or losing its competitive advantage, and it may therefore become less attractive to current and prospective Clients, which may have a significant effect on the business, operations and prospects of the Company. If clients change providers, the growth in the number of new users of the KABN Platform will slow, impacting revenues across all aspect of the Company's business.

The international financial and related services market is a highly regulated area of economic activity around the world. Regulations applicable to those providing services and earning revenues in the market for international financial and related services include regulation relating to money laundering and financing of terrorism, sanctions laws and other regulations. There is a risk that the Company may fail to comply with these laws or government regulations. Any breach of law by the Company could have significant consequences for the Company. The further development, acceptance and use of digital currencies is subject to a variety of factors that are difficult to evaluate.

The growth of the Neo Bank and identify verification industries in general, and the use of digital currencies in particular, is subject to a high degree of uncertainty, and the slowing, or stopping of the development or acceptance of developing protocols may adversely affect the Company's services related to future digital currencies-to-fiat link via the KABN Card which is operated by a partner party. The factors affecting the further development of these industries and digital currencies, include, but are not limited to:

- Continued worldwide growth in the adoption and use of digital currencies;
- Governmental and quasi-governmental regulation of digital currencies and their use;
- Restrictions on or regulation of access to and operation of the network or similar digital currency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception digital currencies generally.

Data and privacy breaches can significantly harm the Company

The majority of the Company's transactions will be conducted over the Internet and will therefore be subject to an element of risk. The Company's information technology infrastructure is designed to be secure, but is not immune to outside rogue elements, including computer viruses, computer hackers, and organized activities among groups of persons designed to breach the Company's security systems.

Privacy breaches may expose the Company to additional liability and result in the loss of clients and customers, or an inability to conduct business. Any inability on the Company's part to protect the privacy in the Company's electronic transactions or systems could have a material effect on future revenue, financial conditions and profitability. A privacy breach could: expose the Company to additional liability under the privacy legislation of different jurisdictions, which could result in fines, additional compliance costs, or significant costs to remedy the breach and strengthen security; result in a customer or user's personal and/or financial information falling into the hands of criminal elements, exposing the Company to lawsuits, loss of revenue and reputations risks; and deter potential clients and customers from using the KABN IP or KABN Platform.

Failure to manage growth

The Company's failure to manage its growth successfully may adversely impact its operating results. The Company's ability to manage growth will require it to continue to build its operational, financial and management controls, contracting relationships, marketing and business development plans and controls and reporting systems and procedures. The Company's ability to deal with growth may have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The Company's business is based on software and information systems and is exposed to the risks associated with such technologies

While verification software was developed internally by KABN Gibraltar, such software may be subject to external factors, such as deprecation of operating systems, libraries, components, third party interfaces, drivers, patches, or other related issues. In addition, software requires regular updating and maintenance to keep it operating efficiently, continually and robustly. If updates and maintenance are not carried out regularly or are carried out negligently, the software may be subject to operational outages, slowdowns or errors. In addition, these external factors may affect the ability of KABN Gibraltar to effectively upgrade and maintain this software. The market in which the Company will

operate is continually evolving, which can often lead to product and software obsolescence. If the Company does not successfully adapt to changes in the market and technology, its business and results may adversely be affected.

In addition, services based on sophisticated software and computing systems often encounter development and upgrade delays, and the underlying software may contain undetected errors or failures when introduced or when the volume of services provided increases. The Company may experience delays in the ongoing development of the software and computing systems underlying their services. In addition, despite testing, it is possible that the software may contain errors, and this could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

The Company depends on the performance, reliability and availability of KABN Gibraltar's proprietary technology platform. There is a risk that these systems may be adversely affected by a number of factors including damage, equipment faults, power failure or natural disasters. Events of that nature may cause part or all of the KABN Gibraltar's technology platform or website to become unavailable. This in turn could reduce the Company's ability to generate income, impact client service levels and cause damage to the Company's reputation and, potentially, have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

There is also a risk that potential faults in the KABN Gibraltar's technology platform could cause transaction errors that could result in legal exposure from Clients, potentially leading to a loss of Customers and other business partners, damage to the Company's reputation or even cause a breach of certain regulatory requirements (including those affecting any required license) and could, in turn, have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

Dependency on the Internet and/or Cloud based services

The Company will rely on the availability of its website(s) and related cloud services provided by or through KABN Gibraltar to provide Clients and Customers (both current and prospective) access to the KABN Platform. The Company will depend on the continued acceptance of the Internet and/or cloud as a communications and commerce platform for individuals and enterprises. The Internet and/or cloud could become less viable as a business tool due to delays in development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service. Hackers or Internet service provider outages could render one or more of the Company's website(s) and/or technology related services unavailable. If for any reason the Internet and/or cloud does not remain a widespread communications medium and commercial platform, or the Company's websites and/or technology related services are unavailable for an extended period, the demand for KABN Platform and the Company's services would be significantly reduced, which would have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

Customer service and reputational risk

The reputation of the Company, along with the KABN Platform, is important in attracting new and retaining existing clients and users of the KABN Platform. Reputational damage could arise due to a number of circumstances, including errors or defects, data or privacy breaches, inadequate services or unsatisfactory client outcomes. Negative publicity could adversely impact the reputation of the Company, along with the KABN Platform, which may potentially result in a fall in the number of persons seeking the products and services of the Company.

Fraud

Combatting fraud is a significant challenge in the online identity, financial and related services industry because transactions are conducted between parties who are not physically present, which in turn creates opportunities for misrepresentation and abuse.

Companies in this sector are especially vulnerable because of the convenience and immediacy of verifying and validating identity and movement of funds, both digital currencies and fiat, from one account to another and subsequently withdrawing them. The Company's partners that facilitate identity, financial and other services over the Internet makes dealing with the risk of fraud a cost of doing business.

The Company will face significant risks of lost revenues due to fraud and disputes between parties. If the Company is unable to deal effectively with losses from fraudulent transactions the Company's business would be harmed.

Examples of such risks include:

- unauthorized use of personal information and undetected identity theft;
- client fraud;
- breaches of system security;
- employee fraud; and
- unauthorized use of the KABN Platform or the KABN Card or associated mobile wallets.

The Company's operations in the future may be adversely affected by risks outside the control of the Company

The Company's operations in the future may be adversely affected by labour unrest, civil disorder, war, terrorist attacks, computer viruses, telecommunications failure, power loss, subversive activities or sabotage, fires, earthquakes, floods, explosions or other catastrophes, epidemics or quarantine restrictions. For example, a system outage or data loss resulting from such an event could have a material and adverse impact on revenues, cash flows, profitability and financial position and market value.

Conflicts of Interest

Certain executive officers and directors will dedicate a portion of their time to other ventures. Management may have conflicts of interest in allocating management time, services and functions among the Company and any present and future ventures which are or may be organized by our officers or directors and/or their affiliates. While Management dedicates a full-time equivalent effort to the Company they are not required to direct the Company as their sole and exclusive function, and they may have other business interests and engage in other activities in addition to those relating to the Company. This includes rendering advice or services of any kind to other investors and creating or managing other businesses.

It is possible, however, that certain directors and officers may owe similar consideration to another organization(s). It is possible that these and other conflicts of interest are resolved in a way that has a material adverse impact on the Company.

Dependence on Key Personnel

The Company depends on support from existing directors and officers and its ability to attract, and retain, new directors, officers, and other personnel with appropriate skill sets. Inability to retain key team members or find new professionals to serve in important roles could have a material adverse effect on the Company's business. There can be no assurance that we will be able to attract or retain the quality of personnel required in the future.

Financial Liquidity

The Company has not yet generated revenues and will likely operate at a loss as it looks to launch commercialized programs driving future revenue. The Company may require additional financing in order to execute its business plan. Our ability to secure required financing will depend in part upon investor perception of our ability to create a successful business. Capital market conditions and other factors beyond our control may also play important roles in our ability to raise capital. The Company can offer no assurance that it will be able to successfully obtain additional financing, or that future financing occurs on terms satisfactory to our management and/or shareholders. If funds are unavailable in the future, or unavailable in the amounts that we feel the business requires, or unavailable on acceptable terms, we may be required to cease operating or modify our business plans in a manner that undermines our ability to achieve our business objectives.

Financial Statements Prepared on Going Concern Basis

The Company's financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Company's future operations are dependent upon the successful completion of financing and the creation of profitable operations deemed successful according to the standards of the industry in which it operates. The Company cannot guarantee that it will be successful in obtaining financing in the future or in achieving profitable business operations. Our consolidated

financial statements may not contain the adjustments relating to carrying values and classification of assets and/or liabilities that would be necessary should the Company be unable to continue as a going concern.

Costs of Maintaining a Public Listing

As a result of having a public listing, the Company incurs greater legal, accounting and other expenses related to regulatory compliance than it would have had it remained a private entity under its prior operation. The Company may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

Risks Relating to the Company's Common Shares

Active Trading Market

Currently the volume of trading in the public market for the Common Shares has at certain times been limited, and there can be no assurance that an active market for the Securities will be sustained at any time. If an active public market for the Company's securities is not sustained or enhanced, the liquidity of an investor's investment may be limited, and the share price may decline.

Share Price Volatility and Speculative Nature of Share Ownership

Factors both internal and external to the Company may significantly influence the price at which our shares trade, and the volatility of our share price. Quarterly operating results and material developments reported by the Company can, and likely will, influence the price of shares.

Sentiment toward technology and early stage business stocks, as well as toward the stock market in general, is among the many external factors that may have a significant impact on the price of the Company's shares. The Company is not generating revenue and does not possess significant cash reserves. As such, it should be considered a speculative investment. There is no guarantee that a liquid market will be developed or maintained for the Company's shares on any potential exchange.

The Company does not intend to pay dividends

The Company has never paid any cash dividends and currently does not intend to pay any dividends for the foreseeable future. To the extent that the Company requires additional funding currently not provided for in our financing plan, our funding sources may prohibit the payment of a dividend. Because the Company does not intend to declare dividends, any gain on an investment in the Company will need to come through an increase in the price of the Common Shares. This may never happen, and investors may lose all of their investment in the Company.

A decline in the price of the Company's common stock could affect its ability to raise further working capital and adversely impact its ability to continue operations

A prolonged decline in the price of the Company's common stock could result in a reduction in the liquidity of its common stock and a reduction in its ability to raise capital. Because a significant portion of the Company's operations have been and will be financed through the sale of equity securities, a decline in the price of its common stock could be especially detrimental to the Company's liquidity and its operations. Such reductions may force the Company to reallocate funds from other planned uses and may have a significant negative effect on the Company's business plan and operations, including its ability to develop new products and continue its current operations. If the Company's stock price declines, it can offer no assurance that the Company will be able to raise additional capital or generate funds from operations sufficient to meet its obligations. If the Company is unable to raise sufficient capital in the future, the Company may not be able to have the resources to continue its normal operations.

ADDITIONAL INFORMATION

Additional information about the Company is available on SEDAR at <http://www.sedar.com>.

BOARD APPROVAL

The Board of Directors of the Company has approved this MD&A.