



INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS
For the three-month and six-month periods ended December 31, 2019 and 2018

[Unless specified otherwise, all amounts are expressed in Canadian dollars]

This interim Management's discussion and analysis ("MD&A") provides a review of NanoXplore Inc.'s operations, performance and financial position for the three-month and six-month periods ended December 31, 2019 and 2018 and should be read in conjunction with the unaudited consolidated financial statements for the three-month and six-month periods ended December 31, 2019 and 2018 and with the audited consolidated financial statements for the year ended June 30, 2019 and 2018. The purpose of this document is to provide information on our activities. The information contained herein is dated as of February 28, 2020. You will find more information about us on NanoXplore's website at www.nanoxplore.ca and on SEDAR at www.sedar.com, including all press releases.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company has consistently applied the accounting policies used in the preparation of its IFRS financial statements, including the comparative figures. If necessary, we refer to non-IFRS financial measures in the MD&A. In that case, see the Non-IFRS financial measures section for more information. The terms "we", "our", "us", "NanoXplore" or the "Company" mean NanoXplore Inc. and its subsidiaries, unless otherwise indicated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements with respect to the Company. Such forward-looking statements are dependent upon a certain number of factors and are subject to risks and uncertainties. Actual results may differ from those expected. We consider the assumptions on which these forward-looking statements are based to be reasonable, but we advise the reader that these assumptions with regard to future events, many of which are beyond our control, could prove incorrect as they are subject to risks and uncertainties inherent in our activities. Management does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information of future events, except when required by the regulatory authorities.

This MD&A contains forward-looking statements. When used in this MD&A, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "project", "expect" and similar expressions are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements with respect to, among other things, business objectives, expected growth, results of operations, performance, business projects and opportunities and financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect NanoXplore's then current views with respect to future events based on certain material facts and assumptions and are subject to certain risks and uncertainties, including without limitation changes in the risk factors described under the section risks and uncertainties of this statement. The forward-looking information is based on certain key expectations and assumptions made by NanoXplore, including expectations and assumptions concerning availability of capital resources, business performance, market conditions, customer demand. Although NanoXplore believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information since no assurance can be given that they will prove to be correct.

Many factors could cause NanoXplore's actual results, performance or achievements to vary from those described in this MD&A, including without limitation those listed above, those described under the section risks and uncertainties of this statement as well as the assumptions upon which they are based proving incorrect. These factors should not be construed as exhaustive. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this MD&A as intended, planned, anticipated, believed, sought, proposed, estimated or expected, and such forward-looking statements should not be unduly relied upon. NanoXplore does not intend, and does not assume any obligation, to update these forward-looking statements except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by these cautionary statements. Forward-looking information contained in this MD&A about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on NanoXplore's management's assessment of the relevant information currently available. Readers are cautioned that outlook information contained in this MD&A should not be used for the purposes other than for which it is disclosed herein or therein, as the case may be.

BUSINESS OVERVIEW

COMPANY OVERVIEW

NanoXplore Inc. (and its subsidiaries together "NanoXplore" or the "Company") is a graphene company, a manufacturer and supplier of high-volume graphene powder for use in industrial markets. Also, the Company provides standard and custom graphene-enhanced plastic and composite products to various customers in transportation, packaging, electronics, and other industrial sectors. The address of the Company's corporate office is 4500, Thimens Blvd, Montreal, QC, Canada.

NanoXplore Inc. is listed on the TSX Venture Exchange and has traded under "GRA" and is also listed on the OTCQX and has traded under "NNXPF".

The Company has the following subsidiaries:

- NanoXplore GmbH, based in Germany, with an equity interest of 100%. On January 20, 2020, NanoXplore GmbH was dissolved.
- 9334-7474 Québec Inc., based in Canada, with an equity interest of 100%. 9334-7474 Québec Inc. holds 100% of Rada Industries Ltd. ("Rada Industries"). On April 8, 2019, Rada Industries ceased operations by selling its main assets. On April 9, 2019, Rada Industries changed its name to 9396-2173 Québec Inc. On December 31, 2019, 9396-2173 Québec Inc. was dissolved.
- NanoXplore Switzerland SA, based in Switzerland, with an equity interest of 100%. NanoXplore Switzerland SA holds 100% of CEBO Injections SA. ("CEBO").
- Sigma Industries Inc., based in Canada, with an equity interest of 100% [2018 – nil]. Sigma has two active wholly-owned subsidiaries; Faroex Ltd., based in Manitoba, and Rene Composite Materials Ltd., based in Quebec. Rene Composite Materials Ltd. has one active wholly-owned subsidiary; RMC Advanced Technologies Inc., based in Tennessee (USA).

BUSINESS HIGHLIGHTS

Graphene plant project in Ville St-Laurent (Montreal)

The Company focused on the development of its graphene plant in Ville St-Laurent during this quarter. The progress is in line with the plan and the Company is confident to meet the budget. For the six-month period ended December 31, 2019, the Company spent \$9,427,850 for a total of \$11,945,850 since the inception of the project.

As at December 31, 2019, all major equipment has been delivered and secured in their physical location within the facility. Mechanical and electrical connections of the equipment are ongoing and are expected to be completed by early February 2020. Commissioning of the plant has started at the end of January 2020 and commercial production is expected to begin in calendar Q2-2020.

The facility has also become the Company's new Corporate Headquarters on January 20th, 2020.

NanoXplore's Shareholders structure change

On September 9, 2019, Mason Graphite Inc. sold its entire NanoXplore ownership position that resulted in a transaction of 22,188,333 shares to a group of buyers that included Martinrea International Inc., Caisse de dépôt et placement du Québec and Investissement Québec.

FINANCIAL HIGHLIGHTS

The following selected financial data are derived from the Financial Statements of the Company for the following periods:

	Three-month periods ended December 31		Six-month periods ended December 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenues	17,733,510	22,147,009	37,716,599	26,054,735
Loss for the period	(2,266,153)	(1,550,237)	(4,596,588)	(3,149,418)
Basic loss per share	(0.02)	(0.02)	(0.04)	(0.03)

	Six-month periods ended December 31			
	2019	2018	Difference	
	\$	\$	\$	%

Consolidated Statements of Cash Flows

Operating activities	(4 683 093)	(2,150,999)	(2 532 094)	(118%)
Investing activities	(10 494 719)	(10,129,120)	(365 599)	(4%)
Financing activities	6 894 186	636,316	6 257 870	983%
Net change in cash before net effect of currency exchange rate	(8 283 626)	(11,643,803)	3 360 177	29%

	As at December 31, 2019	As at June 30, 2019	As at June 30, 2018
	\$	\$	\$
Consolidated Statements of Financial Position			
Cash	19,537,046	27,819,140	15,268,666
Accounts receivable	11,975,219	15,016,481	2,895,012
Inventory	7,035,555	7,589,896	1,542,863
Right-of-use assets	5,109,117	5,502,111	—
Property, plant and equipment and equipment deposit	43,229,041	31,230,797	6,488,020
Intangible asset	3,995,545	4,267,929	—
Goodwill	460,164	460,164	—
Total assets	92,168,003	92,844,734	26,886,737
Operating loans	3,845,470	1,339,480	1,328,400
Long-term Debt and Convertible debentures - Loan	31,319,607	32,566,411	4,567,970
Total liabilities	51,880,329	54,749,009	11,128,750
Shareholder's Equity	40,287,674	38,095,725	15,757,987

Variations are explained in the sections "CONSOLIDATED OPERATIONS" and "FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES".

Selected Quarterly Information

		Revenue	Net loss	Basic and diluted loss	
		\$	\$	per share	
				\$	
Q2-2020	December 31, 2019	17,733,510	(2,266,153)	(0.02)	Note 1
Q1-2020	September 30, 2019	19,983,089	(2,330,435)	(0.02)	Note 2
Q4-2019	June 30, 2019	22,745,880	(4,717,098)	(0.04)	Note 3
Q3-2019	March 31, 2019	20,720,455	(2,736,849)	(0.03)	Note 4
Q2-2019	December 31, 2018	22,147,009	(1,550,237)	(0.02)	Note 5
Q1-2019	September 30, 2018	3,907,726	(1,599,181)	(0.02)	
Q4-2018	June 30, 2018	3,250,531	(1,622,962)	(0.02)	
Q3-2018	March 31, 2018	2,985,281	(1,137,515)	(0.01)	

Note 1 The decrease of the revenue is mainly explained by a decline in the transportation market (particularly trucks) and the divestiture of Rada Industries (Rada's activities have been sold in April 2019).

Note 2 The decrease of the revenue is mainly explained a decline in the transportation market (particularly trucks) and the divestiture of Rada Industries (Rada's activities have been sold in April 2019).

Note 3 The higher loss than usual is attributed to the sales of Rada Industries' equipment, which results into a loss of \$738,524 and an increase of total salaries due to higher incentives.

Note 4 The higher loss than usual is resulted from an increase in total salaries due to the addition of strategic new positions and the grant of stock options.

Note 5 The higher revenue is explained by sales from Sigma, which are consolidated since September 21, 2018 in the consolidated results.

CONSOLIDATED OPERATIONS

	Three-month periods ended December 31				Six-month periods ended December 31			
	2019	2018	Difference		2019	2018	Difference	
	\$	\$	\$	%	\$	\$	\$	%
Revenues	17,733,510	22,147,009	(4,413,499)	(-25%)	37,716,599	26,054,735	11,661,864	45%
Cost of Sales and Expenses								
Cost of sales	15,170,229	17,685,937	(2,515,708)	(17%)	32,107,991	21,237,761	10,870,230	51%
Research and development expenses	855,834	776,629	79,205	9%	1,536,111	1,245,050	291,061	23%
Selling, general and administrative expenses	2,569,822	3,350,234	(780,412)	(30%)	5,721,560	4,346,243	1,375,317	32%
Share-based compensation	205,020	200,456	4,564	2%	421,191	252,418	168,773	67%
Depreciation (production)	771,844	569,151	202,693	26%	1,521,589	869,743	651,846	75%
Depreciation (other)	210,755	145,133	65,622	31%	420,784	270,102	150,682	56%
Amortization	147,740	61,147	86,593	59%	298,017	77,001	221,016	287%
Foreign exchange	(124,124)	367,783	(491,907)	(396%)	(87,903)	340,375	(428,278)	(126%)
	19,807,120	23,156,470	(3,349,350)	(17%)	41,939,340	28,638,693	13,300,647	46%
Operating loss	(2,073,610)	(1,009,461)	1,064,149	51%	(4,222,741)	(2,583,958)	1,638,783	63%
Interest on long-term debt	(311,736)	(356,485)	(44,749)	(14%)	(689,751)	(408,688)	281,063	69%
Interest on lease liability	(101,653)	(12,527)	89,126	88%	(185,846)	(61,031)	124,815	205%
Interest revenue	144,641	27,697	116,944	81%	261,663	64,068	197,595	308%
Loss before income taxes	(2,342,358)	(1,350,776)	991,582	42%	(4,836,675)	(2,989,609)	1,847,066	62%
Current income taxes recovery	(13,213)	—	(13,213)	(100%)	(57,194)	—	(57,194)	(100%)
Deferred income taxes expense	89,418	(199,461)	288,879	323%	297,281	(159,809)	457,090	286%
	76,205	(199,461)	275,666	362%	240,087	(159,809)	399,896	250%
Loss for the period	(2,266,153)	(1,550,237)	715,916	32%	(4,596,588)	(3,149,418)	1,447,170	46%
Other comprehensive loss								
<i>Items that may be subsequently reclassified to profit and loss:</i>								
Exchange differences on translation of foreign subsidiaries	51,865	13,889	37,976	73%	32,029	16,075	15,954	99%
<i>Items that will not be reclassified to profit and loss:</i>								
Retirement benefits – Net actuarial losses	50,791	(156,630)	207,421	408%	(106,724)	(96,253)	(10,471)	(11%)
Total comprehensive loss	(2,163,497)	(1,692,978)	470,519	22%	(4,671,283)	(3,229,596)	1,441,687	45%
Loss per share								
Basic and diluted	(0.02)	(0.02)			(0.04)	(0.03)		

Revenue by line of product

	Three-month periods ended December 31				Six-month periods ended December 31			
	2019	2018	Difference		2019	2018	Difference	
	\$	\$	\$	%	\$	\$	\$	%
Transport	12,466,240	16,071,475	(3,605,235)	(22%)	27,130,240	17,440,447	9,689,793	56%
Agriculture	569,560	830,111	(260,551)	(31%)	1,166,560	885,324	281,236	32%
Wind energy	877,000	730,647	146,353	20%	1,733,000	824,866	908,134	110%
Industrial	2,748,387	3,159,483	(411,096)	(13%)	5,510,745	4,480,170	1,030,575	23%
Other	1,072,323	1,355,293	(282,970)	(21%)	2,176,054	2,423,928	(247,874)	(10%)
	17,733,510	22,147,009	(4,413,499)	(20%)	37,716,599	26,054,735	11,661,864	45%

RESULTS OF OPERATIONS VARIANCE ANALYSIS - FOR THE THREE-MONTH PERIODS ENDED DECEMBER 31, 2019 AND 2018

Revenue decreased from \$22,147,009 for the three-month period ended December 31, 2018 to \$17,733,510 for the three-month period ended December 31, 2019 for a variation of \$4,413,499. During 2018, Sigma's business achieved strong annual sales mainly due to the strength of the trucking market. The trucking market is currently undergoing a downturn which negatively affects 2019 second quarter sales by approximately \$3,600,000. Moreover, a further decrease in sales is associated with the divestiture of Rada Industries (\$576,839) (Rada's activities have been sold in April 2019).

The loss for the period increased from \$1,550,237 for the three-month period ended December 31, 2018 to \$2,266,153 for the three-month period ended December 31, 2019 for a variation of \$715,916. This increase in loss for the period is mainly explained by the decrease of the gross margin (\$1,897,000) which is partly compensated by lower SG&A expenses (non-recurrent compensation during last year period) (\$780,000) and a favorable FX rate (\$490,000). The decrease of the gross margin resulted from lower sales of approximately \$900,000 and the degradation of the gross margin (\$1,000,000). This reduction resulted from a lower sales volume (higher impact of overhead expenses) and an increase of the labor cost.

RESULTS OF OPERATIONS VARIANCE ANALYSIS - FOR THE SIX-MONTH PERIODS ENDED DECEMBER 31, 2019 AND 2018

Revenue increased from \$26,054,735 for the six-month period ended December 31, 2018 to \$37,716,599 for the six-month period ended December 31, 2019. The increase of \$11,661,864 is mainly explained by the consolidation of Sigma's sales of approximately \$34,000,000 in 2019 compared to approximately \$21,300,000 in 2018. Sigma has been acquired on September 21, 2018.

The loss for the period increased from \$3,149,418 for the six-month period ended December 31, 2018 to \$4,596,588 for the six-month period ended December 31, 2019 for a variation of \$1,447,170. This increase is mainly explained by the additional cost incurred to support the future commercial activities of graphene.

FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES

CONSOLIDATED FINANCIAL POSITION

	As at December 31, 2019 \$	As at June 30, 2019 \$	Difference \$	Main reasons for significant differences
Assets				
Cash	19,537,046	27,819,140	(8,282,094)	Refer to section Cash Flow
Accounts receivable	11,975,219	15,016,481	(3,041,262)	Decrease in line with lower sales during Q2-2020 compared to Q4-2019
Inventory	7,035,555	7,589,896	(554,341)	
Right-of-use assets	5,109,117	5,502,111	(392,994)	
Property, plant and equipment, and equipment deposits	43,229,041	31,230,797	11,998,244	Additions are mainly related to the construction of the graphene plant
Intangible asset	3,995,545	4,267,929	(272,384)	
Goodwill	460,164	460,164	—	
Other assets	826,316	958,216	(131,900)	
Total assets	92,168,003	92,844,734	(676,731)	
Liabilities and shareholders' equity				
Liabilities				
Accounts payable, accrued liabilities and income taxes payables	13,313,702	14,997,652	(1,683,950)	
Deferred grant	—	231,745	(231,745)	
Contract liability	459,593	2,512,994	(2,053,401)	
Credit facilities	3,845,470	1,339,480	2,505,990	
Defined benefit liabilities	1,008,573	870,329	138,244	
Long-term debt	23,402,903	24,862,997	(1,460,094)	
Convertible debentures - Loan	7,916,704	7,703,414	213,290	
Deferred income taxes liabilities	1,933,384	2,230,398	(297,014)	
Total liabilities	51,880,329	54,749,009	(2,868,680)	
Shareholders' equity				
Share capital	60,537,116	53,445,389	7,091,727	Issuance of shares related to exercise of warrants in August 2019
Reserve	3,376,016	3,604,511	(228,495)	
Convertible debentures – Options	2,240,000	2,240,000	—	
Foreign currency translation reserve	44,956	12,927	32,029	
Deficit	(25,910,414)	(21,207,102)	(4,703,312)	
Total Shareholders' equity	40,287,674	38,095,725	2,191,949	
Total Shareholders' equity and liabilities	92,168,003	92,844,734	(676,731)	

CASH FLOW

	Six-month periods ended December 31			
	2019	2018	Difference	
	\$	\$	\$	%
Cash used in operating prior to changes in working capital	(1 787 723)	(920,084)	867 639	94%
Changes in non-cash working capital	(2 895 370)	(1,230,915)	(1 664 455)	(135%)
Operating activities	(4 683 093)	(2,150,999)	(2 532 094)	(118%)
Investing activities	(10 494 719)	(10,129,120)	(365 599)	(4%)
Financing activities	6 894 186	636,316	6 257 870	983%
Net effect of currency exchange rate on cash	1 532	37,005	(35 473)	(96%)
Net change in cash	(8 282 094)	(11,606,798)	3 324 704	29%

Operating activities

Cash flows used in operating activities for the six-month period ended December 31, 2019 increased by \$867,639 prior to changes in non-cash working capital compared to the same period of last year due to the additional cost incurred to support the future commercial activities of graphene.

Changes in non-cash working capital decreased by \$2,895,370 for the six-month period ended December 31, 2019. The decrease is explained by lower contract liability of \$2,053,651 explained by timing in billing and to lower accounts payable and accrued liabilities of \$4,401,162 explained by timing in payment of suppliers, by incentives compensation included as at June 30, 2019 that were paid during the period and by less purchases due to a volume decrease in sales. The decrease was offset by lower receivables of \$3,096,628 explained also by a volume decrease in sales.

Investing Activities

Cash flows used in investing activities for the six-month period ended December 31, 2019 are mainly related to the net increase of approximately \$9,960,000 of addition of property, plant and equipment and of equipment deposits. These additions are mostly for the construction of the graphene plant in Montreal. During the corresponding period in 2018, cash flow used in investing activities was mainly related to the acquisition of Sigma during September 2018 for a net cash amount of \$7,300,496.

Financing activities

Cash flows generated from financing activities for the six-month period ended December 31, 2019 are related to the exercise of Warrants and Broker Warrants during the period from July 1 to August 2, 2019 for cash proceeds of \$6,442,041 while during the corresponding period in 2018, cash flows generated from the exercise of stock options, warrants and Broker Warrants for cash proceeds were \$687,406.

LIQUIDITY AND CAPITAL RESOURCES

Management believes that the Company has sufficient funds to meet its obligations, operating expenses and some development expenditures for the ensuing 12 months as they fall due. The Company's ability to continue its development activities is dependent on the beginning of the commercial operation of the graphene activity. The graphene commercial activity is in the development stage and, as a result, the Company has minimal sources of operating revenue from those operations and could be dependent on external financing to fund its continued development program, if the beginning of the commercial operation of the graphene activity is delayed. The Company's main sources of funding have been the issuance of equity securities for cash, debt, funds from the government of Quebec with respect to R&D tax credit, funds from the federal government with respect to Sustainable Development Technology Canada ("SDTC") and funds from the Industrial Research Assistance Program.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

For a detailed description of the financial instruments and risk management associated with the Company and its activities, please refer to the annual consolidated financial statements of June 30, 2019. These identified financial instruments and risks are consistent through the periods.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company did not have any off-balance sheet arrangements, except for commitment to purchase raw materials to certain suppliers.

OUTSTANDING SHARES

As at February 28, 2020, the Company has:

- 120,995,810 common shares issued and outstanding;
- 3,917,133 options outstanding with expiry dates ranging between January 2, 2022 and October 10, 2024 with exercise price between \$0.45 and \$1.80. If all the options were exercised, 3,917,133 shares would be issued for proceeds of \$4,587,710;
- 3,272,778 warrants and Broker Warrants outstanding with expiry date of March 27, 2020 with exercise price of \$1.65 and \$2.30. If all the warrants were exercised, 3,272,778 shares would be issued for proceeds of \$7,369,811.
- 5,434,783 convertible debentures outstanding with expiry date of December 31, 2023 with exercise price of \$1.84. If the conversion option right was exercised, 5,434,783 shares would be issued for proceeds of \$10,000,000.

RELATED PARTY TRANSACTIONS

For a detailed description of all related party transactions, please refer to the Note 7 "Related party transactions" in the unaudited condensed interim financial statements for the three-month and six-month periods ended December 31, 2019 and 2018.

RISKS AND UNCERTAINTIES

The operations of the Company are speculative due to the high-risk nature of its business, which involves acquisition, financing, technology and manufacturing. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking information relating to the Company.

For a detailed description of risks and uncertainties, please refer to the annual consolidated financial statements of June 30, 2019 and 2018.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

For a detailed description of the critical accounting judgments and estimates associated with the Company and its activities, please refer to the Note 3 "Critical accounting judgments and estimates" in the audited financial statements for the years ended June 30, 2019 and 2018. The Company was not required to make significant judgments, estimates and assumptions in areas other than those mentioned in the audited financial statements for the years ended June 30, 2019 and 2018.

FUTURE CHANGES IN ACCOUNTING POLICIES

The standards and amendments to existing standards have been published, and their adoption is mandatory for future accounting periods. Please refer to the unaudited condensed interim financial statements for the three-month and six-month periods ended December 31, 2019 and 2018 for the details of these standards and amendments.

CONTROLS AND PROCEDURES

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

The Board of Directors oversees management's responsibility for financial reporting and internal control systems. This Board of directors discuss quarterly with management and annually with the independent auditors to review the scope and results of the annual audit and to review the year-to-date financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders.

In contrast to the certificate required under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that the design and implementation of such processes by those responsible for a venture issuer are subject to cost limitations. DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

The Board of Directors has approved the Financial statements.