



FOGCHAIN CORP.

**Management's Discussion and Analysis
For the Six Months Ended June 30, 2020**

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Management Discussion & Analysis
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1.1 Date

This Management Discussion and Analysis ("MD&A") of FogChain Corp. (the "Company") has been prepared by management as of August 28, 2020 and should be read in conjunction with the condensed interim consolidated financial statement and related notes thereto for the six months ended June 30, 2020 and 2019, the audited financial statements and related notes thereto of the Company for the years ended December 31, 2019 and 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in United States ("US") dollars unless otherwise stated, and the annual Management Discussion and Analysis ("MD&A") of the Company prepared by management as of April 29, 2020.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made and they involve a number of material risks and uncertainties. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

The Company has based the forward-looking statements largely on the Company's current expectations, estimates, assumptions, and projections about future events and financial and other trends that the Company believes, as of the date of such statements, may affect its business, financial condition and results of operations. Such expectations, estimates, assumptions, and projections, many of which are beyond the Company's control, include, but are not limited to: management's expectations regarding the future business, objectives and operations of the Company; the Company's anticipated cash needs and the need for additional financing; the Company's ability to successfully complete future financings; the acceptance by the marketplace of new technologies and solutions; the Company's expectations regarding its competitive position; the Company's expectations regarding regulatory developments and the impact of the regulatory environment in which the Company operates; the Company's ability to attract and retain qualified management personnel and key employees; and anticipated trends and challenges in the Company's business and the markets in which it operates. Assumptions underlying the Company's working capital requirements are based on management's experience with other public companies. Forward-looking statements pertaining to the Company's need for and ability to raise capital in the future are based on the projected costs of operating a blockchain software development platform and management's experience with raising funds in current market circumstances. Forward-looking statements regarding treatment by governmental authorities assumes no material change in regulations, policies, or the application of the same by such authorities. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements with the risks set forth.

1.2 Overall Performance

FogChain Corp. ("FogChain" or the "Company") was incorporated on February 7, 1984 under the *Business Corporations Act (Ontario)*.

On May 24, 2018, the Company completed a reverse takeover transaction (the "RTO"), which was effected pursuant to a merger agreement between Mukuba Resources Ltd. and FogChain Inc. ("Fog Inc."), a private

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company existing under the laws of Delaware with its head office in San Carlos, California. As part of the transaction, the Company consolidated its share capital at a ratio of one post consolidated common shares for 1.66 pre-consolidated common shares, created restricted voting shares in the capital of the Company ("Restricted Common Shares"), changed its name to FogChain Corp. effective May 23, 2018, voluntarily delisted its common shares from the TSX Venture Exchange effective May 28, 2018, and commenced trading its shares on the Canadian Securities Exchange ("CSE") on May 29, 2018, under the symbol FOG.

Pursuant to the RTO, the Company issued an aggregate of 45,353,884 common shares and 18,630,000 Class A convertible restricted common shares (the "restricted shares") of the Company in exchange for all of the issued and outstanding shares of Fog Inc. In conjunction to the RTO, the Company issued an aggregate of 12,990,451 common shares for finder's fees, debt settlement and conversion of convertible notes. Upon closing of the transaction, the shareholders of Fog Inc. owned 96% of the common shares of the Company and, as a result, the transaction is considered a reverse acquisition of the Company by Fog Inc.

On July 25, 2019, the Company entered into a non-binding letter of intent with Loop Media Inc. ("Loop Media"), an innovative premium streaming media company building products and solutions for both businesses and consumers, whereby the parties will complete a business combination that will constitute a reverse takeover of the Company by Loop Media. On October 23, 2019, the letter of intent was terminated.

On December 17, 2019, the Company entered into a Share Exchange Agreement (the "Share Exchange Agreement") with Canadian Teleradiology Services Inc. ("CTS"), a privately held Canadian company incorporated under the *Canada Business Act (Ontario)*. CTS provides remote radiology services using licensed IT platforms and hosted servers. Pursuant to the Share Exchange Agreement, the Company is proposing to acquire all of the issued and outstanding common shares in the capital of CTS in exchange for the issuance of common shares in the capital of the Company. On June 22, 2020, the share exchange agreement was terminated.

On August 20, 2020, the Company entered into a business combination and amalgamation agreement (the "Definitive Agreement") with Global Star Education Group Limited ("Global Star") and 1262229 BC Ltd., a wholly-owned subsidiary of FogChain pursuant to which Fogchain will acquire all of the outstanding common shares of Golden Star (the "Transaction"). See *1.11 Proposed Transactions*

Further, in March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The impact on the Company is not currently determinable but management continues to monitor the situation.

General Description of the Business

FogChain is a fully integrated, end-to-end software development life cycle and quality assurance solutions provider. FogChain's suite of services and technology provides application development at scale with greater speed, efficiency and at a lower cost. FogChain's Build-Once-Deploy-Everywhere software architecture provides developers with a suite of tools to build, test, and monitor exciting new applications in a unified environment.

Company Highlights

During the six months ended June 30, 2020, the Company:

- Signed a letter of intent with Global Star Education Group for a business combination. On August 20, 2020, the Company signed a definitive agreement.

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- Terminated the definitive share exchange agreement with Canadian Teleradiology Services Inc.
- Continued to focus on the sales of its development platform “TCM”.
- Continued development of its unified platform Trident.
- Implemented a temporary remote work policy in light of the COVID19 pandemic which follows the social distancing measures and guidelines issued by the local government. The Company does not expect an interruption in services to its clients as it is able to conduct its services remotely.

Products

RadJav

RadJav is a software development platform and decentralized datacenter. This platform provides rapid application development tools and resources to build and launch applications across all devices and operating systems all using the same code.

To-date, RadJav has completed its integration of RadJav to connect with top operating systems, Linux, Microsoft Windows, Mac OSX and Apple iOS 12, Google's Chrome DevTools and Android 9 operating system, and Visual Studio Code.

In April 2019, RadJav released its latest version and is now in Beta phase. Highlights of the latest release include:

- Create native applications using a single code base across all mainstream desktop, tablet and mobile operating systems
- Fully integrated with FogChain's Trident platform for development, testing and monitoring
- Cryptographic library included for the development of secure apps
- Visual Studio code is integrated and will be fully bundled for easy setup and deployment of applications
- Bundled batch file scripts to easily and quickly create iOS and Android apps
- Easily create databases using RocksDB, an embeddable key-value store for fast storage
- Full documentation, templates, and examples provided in our GitHub repository

At December 31, 2019, the Company reassessed RadJav for impairment and determined that the fair value was less than the carrying value. Accordingly, the Company recognized an impairment.

Test Case Manager (TCM)

TCM is a patented automated testing product that allows organizations to accomplish substantial cost savings and improved time to market by automating their test cases. This container-based solution is comprised of a sleek, web UI and an innovative Selenium/Appium architecture that product development teams strive to achieve. The container approach is highly scalable and can exist onsite or accessed in the Cloud. The UI defines workflows and communication to aid in the implementation of Continuous Improvement & Continuous Development (CI/CD,) Test Driven Development (TDD), Business Process Testing (BPT), and the needs of independent QA teams. Automation engineers can leverage their Selenium and Appium skills by developing code within a tightly organized, keyword structure. Application analysts and subject matter experts will gravitate to the user-friendly drag-and-drop features for creating automation steps.

In March 2019, FogChain completed the development and release of significant new capabilities including the ability to capture mobile objects and elements to build an object repository for functional mobile automation.

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The Company has evaluated whether or not costs incurred in developing this technology meet the criteria for capitalizing as intangible assets. To December 31, 2019, research and development costs related to TCM have been recognized as period expense.

AppMark

This full-featured Synthetic Monitoring service allows organizations to monitor the performance of their applications in a new and efficient manner. Users receive daily benchmarked performance reports, set timers, and email notifications when an issue occurs with their product thereby minimizing customer impact.

AppMark was acquired by the Company during the year ended December 31, 2018. At the date of acquisition, there was no identifiable asset to which the consideration paid by the Company was attributable. As such, the Company recorded the consideration as share-based compensation and software costs, respectively.

Trident

A unified cross-platform application combining FogChain's RadJav, Test Case Manager and Synthetic Monitoring services applications into one platform. This platform provides developers with a suite of tools to build, test and monitor new applications using a single code-base while being natively deployed across desktop, tablet and mobile devices.

In June 2019, the Company completed the integration of AppMon, a 24/7 application monitoring solution that identifies performance issues, into the Trident platform. Users will have the ability to manage local/cloud devices, test scripts (codeless), alarms and servers, and view all important reports within a single dashboard with a mobile friendly design.

The Company has evaluated whether or not costs incurred in developing this technology meet the criteria for capitalizing as intangible assets. To December 31, 2019, research and development costs related to Trident have been recognized as period expense.

1.3 Selected Annual Information

	December 31, 2019	December 31, 2018	December 31, 2017
Total revenues	\$ 838,857	\$ 194,345	\$ Nil
Gross Profit	\$ 431,805	\$ 100,863	\$ Nil
Net Loss	\$ (4,133,893)	\$ (6,495,346)	\$ (74,267)
Loss per share	\$ (0.06)	\$ (0.10)	\$ (0.00)
Total assets	\$ 522,605	\$ 4,317,086	\$ 353,462
Total long-term liabilities	\$ Nil	\$ Nil	\$ Nil
Cash dividends declared per share for each class of share	\$ Nil	\$ Nil	\$ Nil

1.4 Results of Operations

Six months ended June 30, 2020

During the six months ended June 30, 2020, the Company incurred an overall net loss of \$488,985 or \$0.01 per share compared to a net loss of \$1,348,104 or \$0.02 per share for the period ending June 30, 2019, a decrease in loss of \$859,119. The decrease in loss was primarily a result of the Company's decrease in amortization related to its intangible assets and salaries and benefits.

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During the period ended June 30, 2020, the Company earned sales totaling \$277,830 for project development and IT support services, specifically, automated quality assurance test scripting, software development, performance monitoring, and onsite consulting & training. The Company earned a gross profit of \$130,652 or 47% during the six months ended June 30, 2020 compared to total sales of \$424,965 from IT support services with gross profit of \$200,715 or 47% during the six months ended June 30, 2019.

The following costs have significantly decreased total net loss for the current period:

Amortization (non-cash) by \$470,000. During the year ended December 31, 2019, the Company reassessed the value of its intangible assets and determined that the recoverable amount is less than the carry value, thus recognized an impairment in its intangible assets. No further intangible assets were subject to amortization.

Consulting fees by \$25,560 as the Company did not engage any consultants for the period.

Marketing costs by \$143,628 as the Company did not carry out any marketing programs.

Salaries and benefits by \$261,460 paid to the officers of the Company, developers and other technical and support staff. The decrease was due to a departure of certain staff members during the period and no new hires were made to fill the vacant positions.

The Company recognized \$23,533 (2019-\$84,029) on the vested portion of stock options granted to directors, officers, employees and consultants on October 1, 2018 at an exercise price of \$0.28 with an expiry of October 1, 2022.

Travel costs by \$52,250. Due to COVID19 pandemic, travel plans were put on hold as travel restrictions were implemented globally.

Offsetting the decrease in expenses was an increase in professional fees by \$83,562 as a result of legal costs related to the terminated transaction with CTS.

All other operating costs remained the same.

Three months ended June 30, 2020

During the three months ended June 30, 2020, the Company earned sales totaling \$100,044 for project development and IT support services, specifically, automated quality assurance test scripting, software development, performance monitoring, and onsite consulting & training. The Company earned a gross profit of \$36,935 or 37% during the three months ended June 30, 2020 compared to total sales of \$199,735 from IT support services with gross profit of \$99,772 or 50% during the three months ended June 30, 2019.

Operating costs decreased from \$799,280 to \$396,135 between the comparative quarters due to overall decreases in expenses except for an increase in professional fees related to the terminated transaction with CTS.

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EBITA and Adjusted EBITA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net loss – as reported	\$ (358,949)	\$ (699,225)	\$ (488,985)	\$ (1,348,104)
Add back (deduct):				
Interest Income	(251)	(283)	(494)	(307)
Amortization of equipment	5,494	241,168	10,989	480,989
EBITA (loss)	(353,706)	(458,340)	(478,490)	(867,422)
Other non-cash items:				
Share based compensation	6,920	29,520	23,533	84,029
Marketing fees	2,363	87,713	3,128	146,756
Interest expense	3,191	-	3,191	-
Adjusted EBITA (loss)	\$ (341,232)	\$ (341,107)	\$ (448,638)	\$ (636,637)

EBITDA is defined as Earnings (from operations) before Interest, Taxes, Depreciation and Amortization. Adjusted EBITDA is defined as Earnings (from operations) before Interest, Taxes, Depreciation, Amortization and other non-cash items including share-based payment costs.

EBITDA and Adjusted EBITDA are not performance measures defined under IFRS and they are not considered an alternative to income or loss from operations, or to comprehensive earnings or loss, in the context of measuring a company's performance. Management believes that providing certain non-GAAP performance measures, in addition to IFRS measures, provides users of the Company's financial statements with an enhanced understanding of its results and related trends and increases transparency and clarity. Management believes that EBITDA and Adjusted EBITDA are important measures of operating performance because it allows management, investors and others to evaluate and compare the Company's operating results, including its return on capital and operating efficiencies, from period-to-period by removing the impact of the Company's capital structure (interest expense to service outstanding debt), asset base (depreciation and amortization), tax consequences, and other non-operating items not requiring cash outlays including the adjustment to the fair value of investments and share-based compensation. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation.

Summary of Quarterly Results

The following is a summary of certain unaudited financial information for each of the last eight quarters:

Quarter ended	Sales	Gross Profit	Operating expenses	Net Loss	Loss per share
June 30, 2020	\$ 100,044	\$ 36,935	\$ 396,135	\$ (358,949)	\$ (0.00)
March 31, 2020	177,786	93,717	223,996	(130,036)	(0.00)
December 31, 2019	184,616	102,038	893,503	(2,221,719)	(0.03)
September 30, 2019	229,276	129,052	694,170	(564,070)	(0.01)
June 30, 2019	199,735	99,772	799,280	(699,225)	(0.01)
March 31, 2019	225,230	100,943	749,846	(648,879)	(0.01)
December 31, 2018	162,825	69,343	2,124,157	(2,570,262)	(0.04)
September 30, 2018	31,520	31,520	573,344	(541,403)	(0.00)

June 30, 2020 – higher net loss due to lower gross profit and an increase in professional fees related to the terminated transaction with CTS.

March 31, 2020 – operating costs reduced primarily due to less amortization expensed and significant savings in salaries and benefits.

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December 31, 2019 and 2018 – higher net loss due to increased operations and recognition of impairment of intangible assets.

September 30, 2019 – the quarter showed a slight increase in gross profit and savings in operating expenses thus reducing net loss compared to prior quarters in the current fiscal year.

June 30, 2019 and March 31, 2019 – consistency in sales and operations.

September 30, 2018 – increased operating activities with the acquisition of two software products. The quarter also earned its first sales from IT support services.

1.6/1.7 Liquidity and Capital Resources

The Company reported working capital deficiency of \$155,103 at June 30, 2020 compared to working capital of \$138,395 at December 31, 2019, representing a decrease in working capital of \$16,708.

As at June 30, 2020, the Company had net cash on hand of \$253,966 compared to \$426,267 as at December 31, 2019, representing a decrease of \$172,301. During the period ended June 30, 2020, the Company used \$371,304 of its cash in operating activities. The Company's financing activity includes receiving a government grant and loan of \$199,460 issued under the US CARES Act programs.

Current assets excluding cash as at June 30, 2020 consisted of receivables of \$5,684 (December 31, 2019 - \$64,898) which comprised of government sales tax credits of \$5,684 (December 31, 2019 - \$6,818) and trade receivables of \$nil (December 31, 2019 - \$58,080), and prepaids and deposits of \$40,406 (December 31, 2019 - \$2,843).

Current liabilities as at June 30, 2020 consisted of trade payables and accrued liabilities of \$130,935 (December 31, 2019 - \$107,758), deferred revenues of \$nil (December 31, 2019 - \$19,110), due to related parties of \$282,995 (December 31, 2019 - \$228,745), and deferred government grant of \$41,229.

In response to the Coronavirus (COVID-19) pandemic, the US Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. The CARES Act provides fast and direct economic assistance for entrepreneurs and small businesses through the US Small Business Administration ("SBA"). The Company received a loan through the Paycheck Protection Program ("PPP loan"), a CARES Act program, of \$191,460 bearing interest 1% per annum maturing on April 21, 2022. The PPP loan was made available on certain terms and conditions, and in reliance on attestations made by the Company in the loan agreement. Under the PPP, the Company may apply to have certain amounts forgiven under the direction of the Administrator of the SBA providing that the Company satisfies certain criteria. Repayment of the PPP loan will commence earlier of when the SBA remits the forgiveness amount to the lender or the Maturity Date.

Upon initial receipt, the Company recorded the PPP loan at a fair value of \$158,231, based on a prevailing market rate of 10%. The Company recorded the result of the benefit received from the below-market interest rate PPP loan of \$33,229 as a government grant.

In addition, the Company received a non-interest bearing advance of \$8,000 under the Economic Injury Disaster Loan (EIDL) program. As the Company received an EIDL advance and a PPP loan, the EIDL advance portion will be applied against the PPP forgiveness amount as repayment to the SBA upon approval of the PPP forgiveness application. The advance of \$8,000 has been treated as a government grant, given reasonable assurance that the Company will meet the terms for forgiveness of the loan.

The continuing operations of the Company are dependent upon its ability to raise adequate financing and to commence profitable operations in the future. The Company has an accumulated deficit of \$11,195,011 including a loss for the period ended June 30, 2020 of \$488,985. These uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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Although the Company has been successful in raising funds in the past, there can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future. The other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. See Item 1.15 – Other Requirements – Summary of Outstanding Share Data. There can be no assurance, whatsoever, that any or all of these outstanding exercisable securities will be exercised. The Company has and may continue to have capital requirements in excess of its currently available resources.

Risk Factors and Uncertainties

The Company can be exposed, in varying degrees, to a variety of financial related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts which is held with reputable US and Canadian banks. Therefore, credit risk is assessed as low.

The Company's secondary exposure to credit risk is on its receivables. The Company's credit risk is low as current receivables consist of 100% refundable Canadian government sales taxes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by maintaining cash and cash equivalent balances to ensure that it is able to meet its short term and long term obligations as and when they fall due.

As at June 30, 2020, the Company had working capital deficiency of \$155,103 (December 31, 2019 – working capital \$138,395).

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will change due to a change in the level of interest rates. The Company is exposed to interest rate risk as its bank account earns interest income at variable rates and is subject to the movement in interest rates. Management considers the interest rate to be minimal.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, and accounts payable and accrued liabilities that are denominated in Canadian Dollars. Management does not hedge its exposure to foreign exchange risk and does not believe the Company's net exposure to foreign currency risk is significant.

As at June 30, 2020, the Company had net financial liabilities of CAD\$162,026. A 10% change in the US dollar versus the Canadian dollar would give rise to a gain/loss of approximately \$11,889.

(c) Price risk

Price risk is the risk that the revenue will change due to the change in the prices. The Company is not exposed to price risk.

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1.8 Off-Balance Sheet Arrangements

The Company did not enter into any off-balance sheet arrangements.

1.9 Related Party Transactions

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

During the periods ended June 30, 2020 and 2019, the remuneration of the key management personnel were as follows:

June 30		2020		2019
Chief Executive Officer	\$	54,123	\$	58,500
VP Product Marketing & Corporate Secretary		48,892		50,000
Chief Strategy Officer		60,000		65,000
Total	\$	163,015	\$	173,500

Other related party transactions and balances

- (i) The Company leases office space on a month to month basis from Newton Energy, Inc. ("Newton"), a company with a common director and shareholder, James Cerna, for a monthly rent of \$1,500 plus \$210 in telecommunication services.

During the period ended June 30, 2020, the Company paid a total of \$10,260 (2019 - \$10,260) in rent and telecommunications charges. As at June 30, 2020, \$Nil (December 31, 2019 - \$8,550) was owed to Newton.

- (ii) As at June 30, 2020, \$122,864 (December 31, 2019 - \$93,614) was owed to James Cerna for accrued salaries and bonuses.
- (iii) As at June 30, 2020, \$100,131 (December 31, 2019 - \$75,131) was owed to Anthony Cerna, officer of the Company for accrued salaries and bonuses.
- (iv) As at June 30, 2020, \$60,000 (December 31, 2018 – \$60,000) was owed to Patrick Quilter, director and officer of the Company for accrued bonuses.

1.10 Fourth Quarter

None.

1.11 Proposed Transactions

On August 21, 2020, the Company entered into a business combination and amalgamation agreement (the "Definitive Agreement") with Global Star Education Group Limited ("Global Star"), a privately held British Columbian company. Global Star's principal asset is an agreement to acquire all of the issued and outstanding shares of Global Star Education Group Limited ("GSEG"); GSEG is the parent company of FTMS Global Academy Limited, an entity operating education businesses in Vietnam. Upon completion of the proposed transaction, the Company will continue the business of Global Star and will change its name to a name selected by Global Star and the Company.

Pursuant to the Definitive Agreement with Global Star, the Company has agreed to acquire all of the issued and outstanding common shares of Global Star. Immediately prior to the completion of the proposed transaction, it is a condition that the Company consolidates its issued and outstanding share capital on the

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basis of 10 pre-consolidation common shares for 1 post-consolidation common share. The Company will, then, issue 50,000,000 common shares on a post-consolidation basis, to the shareholders of Global Star.

Effective on closing of the proposed transaction, it is anticipated that the current members of the Board of Directors and management of the Company will resign and be replaced by nominees to the Board appointed by Global Star and the existing management team of Global Star will replace the current management of the Company.

The proposed transaction is expected to close on or prior to October 31, 2020, or such date as the Company and Global Star may agree. Completion of the proposed transaction is subject to the approval of the CSE, completion of customary due diligence, receipt of all necessary regulatory, corporate and third party approvals, compliance with all applicable regulatory requirements and all requisite board and shareholder approvals being obtained.

1.12 Critical Accounting Estimates

Not applicable to venture issuers.

1.13 Changes in Accounting Policies including Initial Adoption

Our significant accounting policies are set out in Note 2 of the condensed interim consolidated financial statements for the six months ended June 30, 2020 and the audited financial statements for the year ended December 31, 2019.

1.14 Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents, receivables, trades payables and due to related parties.

The Company has exposures to financial risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth and shareholder returns. The principal financial risks to which the Company is exposed are liquidity risk and funding risk.

1.15 Other Requirements

Summary of Outstanding Share Data as at August 28, 2020:

Authorized - Unlimited common shares without par value

Issued – Common Shares: 78,365,224 (includes 972,000 in escrow shares)

Issued – Class A Restricted Convertible Voting Common Shares – 16,767,000 (includes 5,589,000 in escrow shares)

Options – 1,882,500

Additional disclosures pertaining to the Company's management information circulars, material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

On behalf of the Board of Directors, thank you for your continued support.

"James Cerna"

James Cerna
Director & CEO