

# **KING GEORGE FINANCIAL CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS For The Three Months and Six Months Ended May 31, 2021**

The following Management's Discussion & Analysis (MD&A) is based on information available to management as of July 27, 2021. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements for the six months ended May 31, 2021 which were prepared in accordance with International Accounting Standards ("IAS") 34 and the audited consolidated financial statements and MD&A for the year ended November 30, 2020 and 2019 prepared in accordance with International Financial Reporting Standards ("IFRS"). Unless otherwise noted, the financial information in this MD&A and condensed consolidated interim financial statements are presented in Canadian dollars.

Based on the recommendation of Audit Committee, the Company's Board of Directors approved the content of this MD&A on July 27, 2021. Additional Information on the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **FORWARD-LOOKING STATEMENTS**

Certain information in this MD&A contains forward-looking statements that are based on assumptions and beliefs of Company's management who relies on its past experience, analysis of historical trends and information available to them at the time. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are subject to certain risks and uncertainties associated with general business conditions, market competition, availability of acceptable financing and other economic factors commonly associated with the real estate development and hospitality related industry. As such, actual results and performance may vary significantly from those presented or discussed in such forward-looking statements. The Company is not obligated to publicly update or amend its forward looking statements except as required by applicable law.

### **OVERVIEW AND DESCRIPTION OF BUSINESS**

King George Financial Corporation ("the Company") was incorporated under the laws of the Province of British Columbia on July 21, 1999 and is listed on the TSX Venture Exchange under the symbol 'KGF'. The Company's business is concentrated in the area of commercial and residential real estate development and long-term investment in real estate and hotel related securities.

The principal assets include:

- 3.5 million common shares of Allied Hotel Properties Inc. (AHP), a hotel ownership and management company trading on the TSX Venture Exchange;
- 1,502 non-redeemable, non-voting preference shares of Oclamon Real Estate Fund 1, a Cayman Islands incorporated company partnering with a Malaysian developer to invest and develop a mixed-use real estate development project in the Iskandar region, Malaysia;
- 20 Class ‘A’ units in MacDonald Lakeshore Properties Limited Partnership, a real estate investment limited partnership to develop 537 acres of land into a new subdivision called Lakestone located in Lake Country, Kelowna, BC;
- 7,826,000 common shares of Glittering Team Sdn Bhd (GTSB), a Malaysian hotel ownership company owning a hotel property in Kuala Lumpur, Malaysia. GTSB shares are held through the Company’s 100% Malaysian subsidiary KGFC (Malaysia) Sdn Bhd (KGFCMSB); and
- \$ 8.4 million cash and cash equivalents.

## RESULTS OF OPERATION

### 2021 Second Quarter Results (narrative amounts rounded to the nearest thousand, except income (loss) per share data)

For the three months ended May 31, 2021, comprehensive loss attributable to shareholders of the Company was \$1,041,000 (\$0.026) per share compared to comprehensive income of \$73,000 (\$0.002) per share for the same period last year. For the six months ended May 31, 2021, comprehensive loss attributable to shareholders of the Company was \$1,585,000 (\$0.040 per share) compared to comprehensive income of \$660,000 (\$0.017 per share) for the same period last year.

The Company has the following reportable operating segments: Real Estate Development, Hotel Development and Operations, Management and Finance Services, and Other.

	Revenue			
	Three months ended		Six months ended	
	May 31		May 31	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Operating segments:				
Real Estate Development	-	-	-	463,000
Hotel Development and Operations	224,000	47,000	440,000	365,000
Management and Finance Services	-	-	-	-
Other	8,000	1,671,000	17,000	1,694,000
	<u>\$ 232,000</u>	<u>\$1,718,000</u>	<u>\$ 457,000</u>	<u>\$2,522,000</u>

## **Revenue - Hotel Operation**

For the six months ended May 31, 2021:

- Room revenue was \$257,000 (2020: \$295,000) with paid occupancy at 29.5% (2020: 26.5%) and average room rate at \$26 (2020: \$24).
- Food and beverage revenues were \$147,000 (2020: \$64,000).
- Other miscellaneous revenues were \$36,000 (2020: \$6,000).
- The combined revenue - hotel operation was \$440,000 (2020: \$365,000).

## **Hotel Operation Outlook**

Due to ongoing COVID-19 pandemic, recurring lockdowns and travel restrictions imposed by Malaysian government, year-to-date hotel occupancy and revenue for 2021 have been negatively impacted in all revenue departments. Until COVID-19 pandemic is under control and travel restriction lifted, hotel management sees little improvement and is forecasting a negative gross operating profit from hotel operations for 2021.

To mitigate a sharp drop in traditional hotel business, management enacted a property wide cost cutting program, furloughed all non-essential staff, eliminated all unnecessary expenses and temporarily converted the hotel into an approved quarantine facility for travellers under a six month government contract that ended on March 31, 2021. Going forward, management will keep all cost saving measures in place including if necessary, temporary closure of hotel property until the end of the pandemic or until management deems it necessary to start the transition back to a normal hotel. To further reduce in-house operating costs, management contracted out the hotel food and beverage operation to an outside party.

## **Expenses**

For the six months ended May 31, 2021, hotel operating costs were \$484,000 compared to \$716,000 in 2020. The reduction in costs was mainly due to COVID related cost cutting measures implemented throughout the hotel property.

Depreciation expense for the six months ended May 31, 2021 was \$335,000 compared to \$89,000 in 2020. The increase was mainly the result of additional depreciation taken on hotel property, plant and equipment in addition to right-of-use assets in 2021.

Salaries and benefits for Company's Vancouver office was \$128,000 for the three months ended May 31, 2021 compared to \$109,000 in Q2-20. For the six months ending May 31, 2021, salaries and benefits were \$227,000 compared to \$204,000 for the same period last year. The return of an office administrative staff previously on sick leave in 2020 contributed to the increase in payroll expenses for the current year.

For the six months ended May 31, 2021, foreign exchange loss was \$17,000 compared to an exchange gain of \$35,000 in 2020. The increase in Canadian Dollar exchange rate vs. US Dollar and Malaysian Ringgit during 2021 resulted in an exchange loss on foreign

currencies held in the Company's bank accounts.

For the six months ended May 31, 2021, general and administrative (G&A) expenses increased from \$120,000 in 2020 to \$186,000 in 2021. The current year G&A expense increase was mainly the result of additional professional fees incurred to reevaluate the Company's investments in Asia and restate the 2018 and 2019 financial statements to reflect the changes. Apart from the foregoing, the amount of G&A expenses incurred was consistent with the level of business activity. A breakdown of G&A expenses is as follows:

	Breakdown of General & Administrative Expenses			
	Three months ended		Six months ended	
	May 31		May 31	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Advertising and promotion	\$ 1,000	\$ 2,000	\$ 1,000	\$ 2,000
Automotive and travel	-	-	-	4,000
Office and miscellaneous	3,000	10,000	23,000	16,000
Professional fees	123,000	23,000	143,000	41,000
Public company expenses	9,000	4,000	16,000	12,000
Rent*	-	28,000	-	40,000
Telephone	1,000	3,000	3,000	5,000
<b>Total</b>	<b>\$ 137,000</b>	<b>\$ 70,000</b>	<b>\$ 186,000</b>	<b>\$ 120,000</b>

\* Under IFRS 16, office rent and equipment lease expense are now recorded as depreciation and interest expense.

### **Other Income (Loss)**

For the six months ending 31 May 2021, Company received \$Nil (2020: \$1,646,000) dividend income from its share investment in AHP and \$Nil (2020: \$463,000) income from its investments in associates in USA.

### **Finance Income**

In Q2-21, interest income earned from bank deposits was \$8,000 compared to \$25,000 for the same period last year. For the six months ended May 31, 2021, interest income was \$17,000 compared to \$48,000 for the same period last year. Bank interest paid on Company's GIC deposits was at a very low interest rate in 2021.

### **Finance Costs**

Interest expense incurred in draws on bank loan facilities during Q2-21 was \$47,000 compared to \$12,000 in Q1-20. For the six months ended May 31, 2021, interest expense incurred on bank loan draws was \$109,000 compared to \$29,000 in 2020. A one-time temporary COVID-19 debt relief program offered by Malaysian banks in 2020 was the main reason for the reduction in finance costs last year.

## Investments In Securities

As at May 31, 2021, the Company held the following available-for-sale equity securities:

- Allied Hotel Properties Inc. (AHP) - 3.5 million common shares

AHP is a public hotel-ownership and management company that sold its Toronto Don Valley Hotel and Suites and an adjacent land parcel located in Toronto, Ontario for \$102 million in 2020. AHP trades on the TSX Venture Exchange (TSXV). On May 31, 2021, AHP shares closed at \$0.26 per share on TSXV, up from its trading price at \$0.23 per share on November 30, 2020. Additional information related to AHP is available under the trading symbol AHP on SEDAR at [www.sedar.com](http://www.sedar.com).

- Oclamon Real Estate Fund 1 (The Fund) – 1,502 non-redeemable and non-voting preference shares

The Fund is a Cayman Islands incorporated private company. The Fund formed a partnership with a Malaysian real estate development company to develop 5.02 acres of land located at Medini Lakeside of Iskandar region in Johor, Malaysia. On completion, this mixed-use development project will consist of a full service business hotel; an office tower, retail shopping units and two serviced residential towers.

In May 2018, the Company purchased an additional 1,249 non-redeemable, non-voting preference shares in The Fund at US\$8,974 per share, bringing the total number of preference shares held by the Company from 253 to 1,502 shares and giving the Company an 83.4% non-controlling, non-voting majority interest in The Fund.

In Q3-20, the Fund reached the end of its 7-year chartered life mandate and was converted into a regular Cayman Islands investment holding company. As part of the corporate restructuring, the previous arms-length asset manager and independent directors on the board resigned from The Fund in October 2020 and were replaced by the Company's parent C.T. Management Corporation (CTMC) as The Fund's new asset manager and a minority shareholder in The Fund. The changes have no effect on the partnership arrangement The Fund had with its project joint venture partner and investment interest in the project.

Given the Company has no voting rights or significant influence in management of the Fund or on CTMC board, the criteria of control under IFRS 10.7 has not been met and no consolidation of The Fund's financial results was incorporated into the Company's Q2-21 condensed consolidated interim financial statements.

During Q2-21, CTMC updated the progress of the Medini Lakeside development project as follows:

- Project construction is about 70% complete.
- Due to supply chain interruption on construction materials, labour availability and periodic lockdowns at construction site caused by COVID-19 pandemic, management believes the Project will now be delivered in 2023 as opposed to the original expected completion date in 2021. As well, sales and marketing of the project was temporarily suspended for the time being.
- Although real estate market in Malaysia is currently experiencing a downturn, project developer had elected not to devalue the project by offering substantial discount on unit listed sales price to compete in a soft real estate market.

In 2020, the Company did a revaluation of The Fund's fair value (FV) using available industry data on comparable projects, changes in construction cost budget, revised construction timeline, input from experienced real estate development partners and the latest estimate on projected net profit applicable at the time. As a result, the Company readjusted and restated the Q2-20 FV of The Fund from \$18,941,000 to \$18,816,000. FV for Q2-21 was further adjusted for US Dollar translation on May 31, 2021 to \$17,589,000.

- Macdonald Lakeshore Properties Limited Partnership (MLPLP) - 20 Class 'A' units

MLPLP is a real estate investment limited partnership developing through its general partner Macdonald Lakeshore Properties Ltd, 537 acres of land into a new subdivision called Lakestone located in Lake Country, Kelowna, BC. On completion, Lakestone will have a total of 1,365 homes built on site. MLPLP is measured at fair value.

According to Lakestone's website, the project phase called Waterside, Benchlands and Highlands North are now 100% sold. The next phase called Summit has just been released and listed for sale by the developer.

Lakestone is exempt from B.C. real estate speculation tax.

In April 2021, Company received \$200,000 cash distribution from MLPLP representing a return on Company's initial investment cost in the project.

In 2020, the Company did a revaluation of fair value (FV) on its Lakestone investment. As result, the Company readjusted and restated the Q2-20 FV from \$940,000 to \$1,598,000. FV for Q2-21 was further adjusted to \$1,398,000 after deducting \$200,000 cash distribution received from MLPLP.

Additional information related to Lakestone can be viewed at [www.lakestoneliving.com](http://www.lakestoneliving.com)

The Company holds a non-controlling minority investment position in AHP and MLPLP.

### **Right-of-Use Assets (ROU)**

The Company adopted IFRS 16 in 2020, using the modified retrospective method on its leased vehicle, business premises and office equipment.

The right-of-use assets represent the right to use of the underlying asset during the lease term. The right-of-use assets are measured at cost less accumulated depreciation and impairment losses if any, and adjusted for any re measurement of the lease liability. As at May 31, 2021, ROU amounted to \$318,000

### **Property, Plant and Equipment (PP&E)**

Property, Plant and Equipment consist of an operating hotel in Kuala Lumpur, Malaysia, its related major components and miscellaneous hotel furniture, fixtures and equipment totaling \$10,333,000 in Malaysia. GTSB is the owner of the hotel property and a 61.02% subsidiary of KGFC(M)SB, a corporation in Malaysia wholly owned by the Company.

The net carrying amount of PP&E in Malaysia that is pledged to a licensed bank as security for banking facilities granted to GTSB amounted to \$9,304,000.

### **Non-Controlling Interest and Other Receivables**

As at May 31, 2021, 38.98% non-controlling interest in GTSB was (\$711,000) compared to \$104,000 in Company's equity account in Q2-20. Receivable due from non-controlling interest and a corporate shareholder in the non-controlling interest in GTSB was in the amount of \$1,931,000 in Q2-21 compared to \$1,454,000 in Q2-20.

In 2020, the Company commenced a legal action against the corporate shareholder in the non-controlling interest in GTSB to recover the full outstanding balance of the receivable. The legal action is ongoing.

### **Loan Payable**

Loan payable of \$40,000 is unsecured, non-interest bearing and deemed fully settled if 75% of loan principal is repaid on or before December 31, 2022.

## **Bank Indebtedness**

Company's subsidiary GTSB entered into two banking facilities with a Malaysian bank as follows:

(a) Term Loan – repayable over 48 monthly installments and bears interest rate ranging from 4.06% to 6.31% per annum. \$289,000 of term loan is due within one year with the remaining balance of \$3,558,000 due more than one year but less than five years.

(b) Overdraft Facility (OD) – at 1.5% per annum above the banks' Base Lending Rate prevailing on a daily test. OD outstanding balance as at May 31, 2021 was \$584,000.

Term Loan and OD banking facilities are secured by a first charge over GTSB's hotel property in Kuala Lumpur, joint and several guarantee by a KGFC(M)SB director and a third party; and corporate guarantee by KGFC(M)SB and non-controlling interest of GTSB.

At May 31, 2021 bank indebtedness was \$4,431,000 (Q2-20: \$4,778,000).

## **SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE REPORTING DATE**

The recent outbreak of COVID-19 since end of 2019 has seen significant increased worldwide which prompted the World Health Organization to declare it as a pandemic on March 11, 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysia Government imposed the Movement Control Order ("MCO"), Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") at various stages in various state nationwide from March 18, 2020 well into July 2021. Consequently, these restrictions are expected to have material adverse effects on Malaysia's economy. As well, the deterioration of world economy has created additional uncertainties to the business of the Company in 2021.

The COVID-19 pandemic has also caused a delay in the construction and marketing of the Company's investment in real estate development projects in Malaysia and Canada.

As at the date of this report, management of the Company has assessed the overall impact of the situation on the Company's operations and financial position and it is concluded that given the uncertainties, it may be prudent to engage a professional business consultant to reliably estimate the financial impact of COVID-19 on the Company's financial results for the fiscal year ending November 30, 2021 as the pandemic has yet to run its full course hence the current situation remains fluid. Concurrently, the Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the financial year ending November 30, 2021.

### **Summary of Quarterly Results**

The following is a breakdown of total revenues (loss) including other income (expenses), net earnings (loss) and earnings (loss) per share for the last eight quarters:

	Q2-21	Q1-21	Q4-20	Q3-20	Q2-20	Q1-20	Q4-19*	Q3-19*
<b>Total Revenues</b>	232,000	225,000	416,000	179,000	1,718,000	804,000	3,785,000	692,000
<b>Net Earnings (loss)</b>	(602,000)	(497,000)	(228,000)	(1,475,000)	73,000	587,000	1,559,000	(210,000)
<b>Basic and diluted earnings (loss) per share</b>								
	(0.002)	(0.001)	( 0.006)	(0.037)	0.002	0.015	0.05	(0.00)

\*Restated.

Apart from dividend income received in Q2-20, Q4-20 provision of credit loss on other receivables and write down of PP&E as well as income received from investments in associates in Q3-19 and Q4-19, in general, the variations were in accordance to the level of business activity in each quarter.

### **LIQUIDITY AND CAPITAL RESOURCES**

#### **Operating Activities**

For the six months ended May 31, 2021, cash used in operating activities was \$1,692,000 compared to \$1,318,000 for the same period last year. \$888,000 payment of income taxes was the main reasons for the increase in cash used in operating activities in 2021.

#### **Investing Activities**

For the six months ended May 31, 2021, the Company received \$200,000 cash distribution from one of its investments in securities MLPLP and spent \$10,000 and \$19,000 to acquire ROU and PP&E respectively.

#### **Financing Activities**

For the six months ended May 31, 2021, the Company paid \$36,000 to settle its lease liabilities, repaid \$388,000 to bank loan facilities and increased other receivables by \$84,000.

#### **Working Capital**

The Company's cash position decreased from \$10,226,000 at the beginning of the period to \$8,368,000 as at May 31, 2021.

### **Commitments and Contingencies**

The Company's Malaysian subsidiary GTSB entered into a hotel management agreement, trademark license agreement and technical services agreement with Wyndham Hotel Asia Pacific Co. Limited (Wyndham). Wyndham is managing the hotel property in Kuala Lumpur under its international brand Days Hotel & Suites for ten years from January 1, 2019 with an option to renew for an additional ten-year period by mutual consent. Fees paid to Wyndham are calculated based on a percentage of hotel gross revenues or gross operating revenue as stipulated in Wyndham agreement and paid monthly.

The Company's Malaysian subsidiary KGFC(M)SB had given a \$5,072,000 corporate guarantee to a licensed bank for credit facilities granted to GTSB.

### **Share Capital**

As at July 27, 2021, the Company's issued and outstanding common shares without par value stood at 39,556,460.

No options were granted during Q2-21. At the end of the quarter, there were no options, warrants or convertible securities outstanding, held in escrow or subject to pooling agreements.

### **RELATED PARTY TRANSACTIONS**

For the six months ended May 31, 2021, the Company paid \$85,000 (2020: \$85,000) in salary and \$46,000 (2020: \$46,000) in director fees to key management personnel.

### **DIRECTORS AND OFFICERS**

The following is a list of the Company's directors and officers as at July 27, 2021:

#### **Directors**

Andrew Saxton, Jr.  
Tuan Syed Abu Bakar bin Syed Mohsin Almohdzar  
Musa Michael Lee Abdullah  
Dennis Ng  
Tim Koo  
Andrew E. Saxton (Resigned)

## **Officers**

Dennis Ng	– President
Andrew Saxton, Jr.	– CEO
Tim Koo	– CFO
Sean Leong	– Secretary

## **INVESTOR RELATIONS**

No investor relation activities were undertaken by or on behalf of the Company during the year or the quarter ended May 31, 2021. No investor relation arrangements or contracts were entered into by the Company during the year or the quarter ended May 31, 2021.

## **RISK MANAGEMENT**

### **Credit Risk**

The Company's credit risk is primarily attributable to cash, amounts receivable and other receivables. Cash is held in reputable banks in Canada, Malaysia and brokerage firms in Singapore, which are closely monitored by management. 99% of the cash is held in the Company's Canadian and Malaysian bank accounts. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks and brokerage firms.

Amounts receivable are repayable on demand and there is no indication the receivables are not recoverable.

Other receivables are secured by personal guarantee by a Director and a person connected to a Director from non-controlling interest.

### **Foreign Exchange Risk**

The Company is subject to currency risk due to the exchange rate fluctuation of the Canadian Dollar against the US Dollar, the Singapore Dollar and the Malaysian Ringgit. This risk exposure relates to cash, other receivables, securities investments and hotel investment in these foreign currencies. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk mainly arises from its floating rate borrowing in Malaysia. Fluctuations in interest rates will impact the cost of financing incurred in the future. Management believes current interest would remain fairly stable in the foreseeable future.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2021, the Company held cash and cash equivalents of \$8,368,000 and had liabilities of \$5,471,000. \$1,040,000 of liabilities were mainly non-trade, operating loan and miscellaneous payables that are non-interest bearing subject to normal trade terms. \$4,431,000 bank indebtedness was an overdraft facility and secured term loan repayable over 48 monthly installments.

The summary of the maturity profile based on contractual undiscounted repayment obligations are as follows:

<b>Non-derivative financial liabilities</b>	<b>Within 1 year</b>	<b>2 to 5 years</b>	<b>More than 5 years</b>	<b>Total contractual cash flow</b>
<b>Secured</b>				
Borrowings	289,000	3,558,000	-	3,847,000
Bank overdraft	584,000	-	-	584,000
Lease liabilities	74,000	331,000	-	405,000
<b>Unsecured</b>				
Other payables	680,000	-	-	680,000
<b>Total undiscounted financial liabilities</b>	<b>1,627,000</b>	<b>3,889,000</b>	<b>-</b>	<b>5,516,000</b>

Other Price Risk

The Company's investments in publicly traded equity securities AHP is classified as FVTOCI. AHP is listed on the TSX Venture Exchange (TSXV). A \$0.10 change in the Canadian dollar equivalent quoted share price of these securities would have a financial impact on their fair values as follows:

<u>EQUITY SECURITIES</u>	<u>FINANCIAL IMPACT</u>
AHP	\$ 350,000

The change would be recorded in accumulated other comprehensive income.

Real Estate Development Risk

The Company is exposed to certain risks associated with real estate development industry. These include planning permit risk, construction pricing risk, revenue risk associated with supply and demand of residential multi-family units for sale in the market and general market risk. Company mitigates these risks by partnering with other reputable experienced developers, maintaining good communication and a cooperative working relationship with the city planning department, hiring experienced consultants in

designing, costing, marketing and construction phase of the development project and whenever possible, entering into fixed-price contracts with general contractors or sub-contractors.

### Hospitality Industry Risk

The Company's hotel property investment is subject to normal operating risks common to the hotel industry, including seasonal and cyclical business fluctuations. Company mitigates these risks by hiring a professional hotel management company to operate the property under an international hotel flag, participates in its worldwide reservation system, regional marketing programs and building a strong working relationship with hotel clients, travel agencies and hotel staff.

## **CONTROL OVER DISCLOSURE AND FINANCIAL REPORTING**

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with International Financial Reporting Standards (IFRS).

TSX Venture listed companies are not required to provide representations in the annual filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer 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 (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The issuer'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 their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitation on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in National Instrument 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.

## **ADDITIONAL INFORMATION**

Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

