

ABAXX TECHNOLOGIES INC.
(Formerly New Millennium Iron Corp.)

DISCLOSURE DOCUMENT

**IN RESPECT OF THE REVERSE TAKEOVER INVOLVING THE INDIRECT ACQUISITION BY
NEW MILLENNIUM IRON CORP. OF ALL THE ISSUED AND OUTSTANDING COMMON
SHARES OF ABAXX TECHNOLOGIES INC. BY WAY OF A BUSINESS COMBINATION.**

Dated as of December 17, 2020

*No securities regulatory authority has in any way passed
upon the merits of the Transaction described in this
Disclosure Document.*

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GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Disclosure Document including the summary hereof. This is not an exhaustive list of defined terms used in this Disclosure Document and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Issuer are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

All defined terms not otherwise defined herein are as defined in the policies of the NEO Exchange or National Instrument 14-101 – *Definitions*.

“**Abaxx**” means Abaxx Technologies Inc., a corporation incorporated under the CBCA.

“**Abaxx Barbados**” means Abaxx Technologies Corp., a corporation incorporated pursuant to the laws of Barbados, and a wholly-owned subsidiary of Abaxx.

“**Abaxx Common Shares**” means common shares in the capital of Abaxx.

“**Abaxx Compensation Warrants**” means the 4,500,000 Abaxx Common Share purchase warrants granted to Joshua Crumb, a founder of Abaxx, to encourage Mr. Crumb’s ownership of Abaxx Common Shares on March 27, 2018. Each Abaxx Compensation Warrant was originally exercisable into one Abaxx Common Share at \$0.15 until June 30, 2018. The expiration date of the Abaxx Compensation Warrants was later extended to March 31, 2019. As of the date of this Disclosure Document, all outstanding Abaxx Compensation Warrants have been exercised.

“**Abaxx Convertible Debentures**” means the US\$3,250,000 of outstanding indebtedness pursuant to convertible debentures issued by Abaxx to certain creditors. The Abaxx Convertible Debentures mature on a date that is twenty-four (24) months from the date of issuance; however, the holder thereof has the right to effect a conversion of all or part of the principal amount then outstanding under the Abaxx Convertible Debenture at a price of \$0.55 per Abaxx Common Share. The Abaxx Convertible Debentures bear interest at eight percent (8%) per annum, calculated quarterly.

“**Abaxx Debenture Conversion**” means the conversion of all outstanding Abaxx Convertible Debentures

“**Abaxx Exchange and Clearing**”, or “**ACX**” means Abaxx Singapore Pte. Ltd., a Singapore incorporated holding company with two operating exchange subsidiaries Abaxx Exchange Pte. Ltd. and Abaxx Clearing Pte. Ltd.

“**Abaxx Financial Statements**” means the audited financial statements of Abaxx for the year ended December 31, 2019 and the reviewed financial statements of Abaxx for the period ending June 30, 2020.

“**Abaxx Meeting**” means the annual and special meeting of Abaxx Shareholders held on November 13, 2020, to approve, among other annual items, the Arrangement Resolution.

“**Abaxx Options**” means the 3,496,334 options to purchase Abaxx Common Shares issued pursuant to the Abaxx SOP, with each such option being exercisable for one Abaxx Common Share at exercise prices ranging from \$0.40 to \$1.00 per Abaxx Common Share and expiring on dates ranging from October 1, 2023 to June 1, 2025.

“**Abaxx Penalty Rights**” means the right for subscribers under the Pre-Listing Abaxx Financing to receive up to an additional 20% of their original subscription under such financing if either (or both) of the following events occur: (i) if a Liquidity Event is not completed on or prior to December 31, 2020 (the “**Liquidity-Penalty Right**”); and/or (b) if, prior to December 31, 2020, Abaxx completes a financing subsequent to the Pre-Listing Abaxx Financing at a price per Abaxx Common Share (or equivalent thereto) less than \$0.95 per Abaxx Common Share (the “**Financing-Penalty Right**”). If either the Liquidity-Penalty Right or Financing-Penalty Right occurs, each subscriber under the Pre-Listing Abaxx Financing shall be entitled to an additional 10% of their original subscription thereunder; in the event both

penalty rights occur, such subscriber shall be entitled to an additional 20% of their initial subscription under the Pre-Listing Abaxx Financing.

“Abaxx Preference Shares” means the 2,830,000 preference shares of Abaxx that are non-voting and have no rights to dividends. The Abaxx Preference Shares have a preference over all other classes of shares to any surplus upon liquidation and dissolution of Abaxx in an amount equal to the amount paid for the Abaxx Preference Shares. On the Effective Date, the Abaxx Preference Shares were exchanged into Resulting Issuer Shares at the same Exchange Ratio as the Abaxx Common Shares.

“Abaxx Shareholder” means a registered holder of Abaxx Common Shares or Abaxx Preference Shares, from time to time, and **“Abaxx Shareholders”** means all of such holders.

“Abaxx SOP” means the Abaxx incentive stock option plan approved by the Board on October 1, 2018.

“Abaxx Tech” or **“Abaxx Barbados”** means Abaxx Technologies Corp., a corporation incorporated under the laws of Barbados and a wholly-owned subsidiary of Abaxx.

“Abaxx Warrants” means the 906,113 issued and outstanding Abaxx Common Share purchase warrants whereby each Abaxx Warrant is exercisable into one Abaxx Common Share at \$2.00 per Abaxx Common Share until December 31, 2020. At the Effective Time, by operation of the Definitive Agreement, 358,113 Abaxx Warrants were converted into 72,695 Resulting Issuer Shares.

“ABCA” means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder, as the same has been and may hereafter from time to time be amended.

“ACH” means approved clearinghouse.

“ACX”, or **“Abaxx Exchange and Clearing”** means Abaxx Singapore Pte. Ltd., a Singapore incorporated holding company with two operating exchange subsidiaries Abaxx Exchange Pte. Ltd. and Abaxx Clearing Pte. Ltd.

“ACX Convertible Debenture” means the US\$7,500,000 of outstanding principal indebtedness pursuant to a convertible debenture issued by ACX to Abaxx under which ACX may borrow up to US\$10,000,000. Abaxx has the right to effect a conversion of part or all of the principal amount then outstanding under the ACX Convertible Debenture on the date of conversion at a price of US\$1.00 per ACX Common Share. The ACX Convertible Debenture does not bear any interest.

“ACX Option” has the meaning set forth under the heading *“Part III – Information Concerning the Target Company – General Development of the Business - History”*.

“ACX Share” has the meaning set forth under the heading *“Part III – Information Concerning the Target Company – General Development of the Business - History”*.

“ACX Shareholders’ Agreement” has the meaning set forth under the heading *“Part III – Information Concerning the Target Company – General Development of the Business - History”*.

“Affiliate” means a company that is affiliated with another company as described below.

A Company is an **“Affiliate”** of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is a **“subsidiary”** of another Company if it is controlled by the other Company.

A Company is “**controlled**” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“**Amalco**” means the amalgamated corporation formed after Closing in connection with the Business Combination that will be a wholly owned subsidiary of Resulting Issuer.

“**Amalgamating Parties**” means, collectively, Abaxx and Subco.

“**Arrangement**” means the statutory plan of arrangement under section 192 of the CBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms and conditions of the Definitive Agreement or made at the discretion of the Court in the Final Order with the prior written consent of Abaxx and the Issuer, each acting reasonably.

“**Arrangement Resolution**” means the special resolution approving the Transaction passed by Abaxx Shareholders at the Abaxx Meeting, in substantially the form set out in Schedule A of the Definitive Agreement.

“**Arm’s Length Transaction**” means a transaction which is not a Related Party Transaction.

“**Articles of Arrangement**” means the articles of arrangement of Abaxx in respect of the Arrangement required by the CBCA to be sent to the Registrar after the Final Order is made, which shall include the Plan of Arrangement.

“**Associate**” when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the Issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity; and
- (d) in the case of a Person who is an individual:
 - (i) that Person’s spouse or child; or
 - (ii) any relative of the Person or of his spouse who has the same residence as that Person;

“**Available Funds**” means the estimated minimum working capital available to the Resulting Issuer, its subsidiaries and proposed subsidiaries as of the most recent month end, and the amounts and sources of other funds that will be available to the Resulting Issuer, its subsidiaries and proposed subsidiaries prior to or concurrently with the Completion of the Transaction.

“**B2B**” means business to business.

“Blockchain” means a distributed ledger comprised of blocks that serve as a historical transaction record of all past transactions and can be accessed by anyone with appropriate permissions. Blocks are chained together using cryptographic signatures.

“Board” means the board of directors of Abaxx, the Issuer, or the Resulting Issuer, as the context requires.

“Business Combination” means an Arrangement pursuant to a Plan of Arrangement in accordance with the Definitive Agreement.

“Business Day” means a day other than a Saturday, a Sunday or a day observed as a statutory or civic holiday in Toronto, Ontario.

“CBCA” means *Canada Business Corporations Act* (Canada), as the same has been and may hereafter from time to time be amended.

“CCP” means central counterparty.

“CD&A” means compensation discussion and analysis.

“CDS” means the Canadian Depositary for Securities.

“Certificate of Arrangement” means the certificate of arrangement to be issued by the Registrar pursuant to subsection 193(11) and section 267 of the ABCA in respect of the Articles of Arrangement.

“CEO” means the Chief Executive Officer of the Issuer, the Resulting Issuer or Abaxx, as applicable.

“CFO” means the Chief Financial Officer of the Issuer, the Resulting Issuer or Abaxx, as applicable.

“Change of Control” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (a) any one person holds a sufficient number of the voting shares of the issuer or resulting issuer to affect materially the control of the issuer or the resulting issuer; or
- (b) any combination of persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of the voting shares of the issuer or resulting issuer to affect materially the control of the issuer or resulting issuer,

where such person or combination of persons did not previously hold sufficient number of voting shares to affect materially the control of the issuer or resulting issuer. In the absence of evidence to the contrary, any person or combination of persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the issuer or resulting issuer is deemed to materially affect the control of the issuer or resulting issuer.

“Circular” means the Issuer management proxy and information circular dated October 15, 2020 with respect to the Issuer Shareholders’ Meeting.

“Closing” means the completion of the Business Combination prior to the issuance of the Final NEO Approval.

“Company” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

“Completion of the Transaction” means the date of the issuance of the Final NEO Approval in respect of the Resulting Issuer’s listing on the NEO Exchange, or, if at a later date, the first date of trading of the Resulting Issuer Shares on the NEO Exchange.

“Computershare” means Computershare Trust Company of Canada.

“Control Person” means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“Conversion Price” means with respect to the Abaxx Convertible Debenture, the lower of: (i) C\$0.55 per Abaxx Common Share; (ii) a twenty percent (20%) discount to the share price of any subsequent equity financing of the Corporation; and (iii) a twenty percent (20%) discount to the share price of any concurrent equity financing undertaken in connection with any Liquidity Event, or where there is no such concurrent financing, a twenty percent (20%) discount to the deemed share price at which the outstanding Abaxx Common Shares are acquired by the legal acquirer in such Liquidity Event, subject to adjust under the Abaxx Convertible Debentures.

“Court” means the Superior Court of Ontario.

“DL/NPL” means deep learning and natural language processing.

“Definitive Agreement” means the business combination agreement dated September 18, 2020, as amended, entered into between the Issuer and Abaxx in respect of the Transaction, as may be further amended, modified, or supplemented from time to time on accordance with its terms.

“Delisting” means the failure by the Issuer to satisfy continued listing requirements in accordance with the TSX Policies.

“Director” means the director appointed under section 260 of the CBCA.

“Disclosure Document” means this Disclosure Document dated as of December 17, 2020, including the schedules attached hereto.

“Effective Date” means December 14, 2020 the effective date indicated on the Certificate of Arrangement, which shall be the date of Closing.

“Effective Time” means 12:01 a.m. (Toronto time) on the Effective Date, or such other time as Abaxx and the Issuer may agree to in writing before the Effective Date.

“Escrow Agent” means Computershare Trust Company of Canada, 100 University Ave., Toronto, Ontario M5J 2Y1.

“Escrowed Securities” means the Resulting Issuer Securities to be held in escrow pursuant to the Resulting Issuer Escrow Agreement and released in accordance with the applicable provisions thereof.

“Escrowed Shareholder” means the holder of Escrowed Securities.

“Exchange Ratio” means the exchange of one (1) Abaxx Common Share for 0.809 Resulting Issuer Share and the exchange of one (1) Abaxx Option for 0.809 Resulting Issuer Option, and the exchange of one (1) Abaxx Warrant for 0.203 Resulting Issuer Share.

“Exchange Shares” means the total of 51,981,539 Resulting Issuer Shares issued in accordance with the Definitive Agreement under the Plan of Arrangement.

“FCM” means futures commission merchant.

“Final NEO Approval” means the final approval which is granted by the NEO Exchange following Closing, fulfillment of applicable listing requirements and the submission of all documentation required by the NEO Exchange.

“Final Order” means the final order of the Court in a form acceptable to the Issuer and Abaxx, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Abaxx and the Issuer, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Issuer and Abaxx, each acting reasonably) on appeal.

“Global Commodity Market Trading Infrastructure 3.0” has the meaning set forth under the heading *“Part III – Information Concerning the Target Company – Narrative Description of the Business”*.

“IFRS” means the international financial reporting standards as set out in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis.

“Insider” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer;
- (b) a director or senior officer of the company that is an Insider or subsidiary of the issuer;
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or
- (d) the issuer itself if it holds any of its own securities.

“Interim Order” means the interim order of the Court issued on October 15, 2020 following the application submitted to the Court pursuant to subsection 192(4) of the CBCA as contemplated by the Definitive Agreement, after being informed of the intention to rely upon the exemptions from registration under Section 3(a)(10) of the U.S. Securities Act with respect to the Resulting Issuer Shares, Resulting Issuer Options and Resulting Issuer Warrants to be issued pursuant to the Arrangement, in a form acceptable to the Issuer and Abaxx, each acting reasonably, providing for, among other things, the calling and holding of the Abaxx Meeting, as such order may be amended by the Court with the consent of the Issuer and Abaxx, each acting reasonably.

“Initial Seed Financing” has the meaning ascribed thereto under the heading *“Part III – Information Concerning the Target Company – General Development of the Business – History”*.

“Internet 3.0” has the meaning set forth under the heading *“Part III – Information Concerning the Target Company – Narrative Description of the Business – Marketing Plans and Strategies – Abaxx Tech Business Model”*.

“Issuer” means New Millennium Iron Corp., a corporation incorporated under the laws of the Province of Alberta.

“Issuer Consolidation and Name Change Resolution” means the special resolution approving the Name Change and Share Consolidation passed at the Issuer Shareholders’ Meeting by the Issuer Shareholders.

“Issuer Meeting Matters” means, *inter alia*, the following items presented for approval by Issuer Shareholders at the Issuer Shareholders’ Meeting: the Issuer Transaction Resolution, the Issuer Consolidation and Name Change Resolution, the Issuer Reorganization Resolution, the adoption of the New Option Plan and the RSU Plan, the adoption of the New By-Laws, election of the new directors of the Resulting Issuer and the appointment of MNP LLP as auditors of the Resulting Issuer.

“Issuer Reorganization Resolution” means the special resolution approving the Tata Restructuring passed at the Issuer Shareholders’ Meeting by the Issuer Shareholders.

“Issuer Shareholders’ Meeting” means the annual general and special meeting of Issuer Shareholders in respect of the Issuer Meeting Matters held on November 23, 2020.

“Issuer Shares” means the common shares in the capital of the Issuer.

“Issuer Shareholders” means the shareholders of the common shares in the stated capital of the Issuer.

“Issuer Transaction Resolution” means the special resolution approving the Transaction passed at the Issuer Shareholders’ Meeting by the Issuer Shareholders.

“Licensed Software” has the meaning set forth under the headings *“Part III – Information Concerning the Target Company – General Development of the Business”*.

“Liquidity Event” means a transaction with a capital pool company or other reporting issuer in at least one jurisdiction in Canada by way of plan of arrangement, Business Combination, reverse take-over, qualifying transaction, business combination or other similar transaction pursuant to which Abaxx Common Shares (or Issuer Shares) are listed on the TSXV, the Canadian Securities Exchange, or any other exchange as mutually agreed upon by Abaxx and the holders of a majority of Common Shares issued under the Pre-Listing Financing.

“LNG” means liquified natural gas;

“MAS” means Monetary Authority of Singapore.

“MLA” has the meaning set forth under the headings *“Part III – Information Concerning the Target Company – General Development of the Business”*.

“MLA Royalty” has the meaning set forth under the headings *“Part III – Information Concerning the Target Company – General Development of the Business”*.

“Master Supply Agreement” has the meaning set forth under the heading *“Part III – Information Concerning the Target Company – General Development of the Business”*.

“Material Adverse Change” or **“Material Adverse Effect”** means, when used in connection with a party to the Definitive Agreement, any change, effect, event, occurrence or change in a state of facts that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, title to assets, properties, capitalization, condition (financial or otherwise), prospects, licenses, permits, concessions, rights, liabilities, obligations (whether absolute, accrued, conditional or otherwise), or privileges, whether contractual or otherwise, of the party to the Definitive Agreement and its subsidiaries (taken as a whole), other than a change, effect, event, or occurrence resulting from: (i) a matter that has been disclosed by Abaxx to the Issuer in the Definitive Agreement, on the one hand, or by Issuer and SubCo to Abaxx in the Definitive Agreement, on the other hand, as applicable, before the date of this Agreement; (ii) general economic, financial, currency exchange, securities, or commodity market conditions in Canada or elsewhere; (iii) the Transaction; or (iv) any action taken by Abaxx on the one hand, or the Issuer and Subco, on the other hand, as the case may be, with the approval, consent or authority of the other (including actions permitted by this Agreement).

“Name Change” means the change of the Issuer’s name to “Abaxx Technologies Inc.”, subject to NEO Exchange and other regulatory acceptance.

“Named Executive Officer” or **“NEO”** means each of the following individuals:

- (a) the CEO;
- (b) the CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6 *Statement of Executive Compensation*, for that financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of a company, nor acting in a similar capacity, at the end of that financial year.

“**NEO Exchange**” means the Neo Exchange Inc.

“**NEO Policies**” means the policies of the NEO under the NEO Manual.

“**NEO Manual**” means the NEO Exchange Listing Manual.

“**New By-Laws**” means the by-laws of the Resulting Issuer to be approved by Issuer Shareholders at the Issuer Shareholders’ Meeting to replace the existing by-laws of the Issuer, to be effective upon Closing.

“**New Option Plan**” means the 10% rolling stock option plan to be approved by the Issuer Shareholders at the Issuer Shareholders’ Meeting.

“**Non-Arm’s Length Party**” means in relation to a company, a promoter, officer, director, other Insider or Control Person of that Company (including the Issuer) and any Associates or Affiliates of any such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.

“**Non-Arm’s Length Transaction**” means a proposed Transaction where the same Party or Parties or their respective Associates or Affiliates are Control Persons in both the CPC and the Significant Assets which are to be the subject of the proposed Transaction.

“**Party**” means each of the Issuer, Abaxx, and Subco; collectively, “**Parties**”.

“**Pasig & Hudson**” means Pasig and Hudson, Private Limited, a company incorporated pursuant to the laws of Singapore.

“**PCT**” means the Patent Cooperation Treaty, concluded in 1970 and which provides a unified procedure for filing patent applications for participating member countries.

“**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status.

“**Plan of Arrangement**” means the plan of arrangement in accordance with the Definitive Agreement made at the direction of the Court in the Final Order with the prior written consent of Abaxx and the Issuer, each acting reasonably.

“**Pre-Listing Abaxx Financing**” means the non-brokered private placement of 6,484,020 Abaxx Common Shares at a price of \$0.80 per Abaxx Common Share for gross proceeds of \$5,187,216.

“**Principal**” means:

- (a) a person or company who acted as a Promoter of the Resulting Issuer within two years before the Completion of the Transaction;
- (b) a director or senior officer of the issuer or any of its material operating subsidiaries at the time of the Completion of the Transaction;
- (c) a 20% holder – a person or company that holds securities carrying more than 20% of the voting rights attached to the Resulting Issuer’s outstanding securities immediately before and immediately after the Completion of the Transaction;

- (d) a 10% holder – a person or company that;
 - (i) holds securities carrying more than 10% of the voting rights attached to the issuer’s outstanding securities immediately before and immediately after Completion of the Transaction and;
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the issuer or any of its material operating subsidiaries;
- (e) A company, trust, partnership or other entity more than 50% held by one or more Principals will be treated as a Principal. Any securities of the issuer that this entity holds will be subject to escrow requirements; and
- (f) A Principal’s spouse and their relatives that live at the same address as the Principal will also be treated as Principals and any securities of the Resulting Issuer they hold will be subject to escrow requirements.

A Principal that holds securities carrying less than 1% of the voting rights attached to the Resulting Issuer’s outstanding securities immediately after the Completion of the Transaction is not subject to escrow requirements.

In calculating these percentages, securities of an entity that may be issued to the Principals under outstanding convertible securities in both the Principals’ securities of the entity and the total securities of the entity outstanding are included.

“Pro Forma Financial Statements” means the pro forma balance sheet of the Resulting Issuer as at June 30, 2020 and for the period then ended, and which are attached to this Disclosure Document as Schedule C.

“Professional Person” has the meaning set forth under the heading *“Summary of Disclosure Document – Experts”*.

“Promoter” means, if used in relation to an issuer, a person who acting alone or in concert with one or more other persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of an issuer, or in connection with the found, organization or substantial reorganization of the business of an issuer, directly or indirectly receives, in consideration of services or property or both, 10% or more of a class of the issuer’s own securities or 10% or more of the proceeds from the sale of a class of the issuer’s own securities of a particular issue;

“Operem” means Operem Inc., a corporation incorporated under the laws of the State of Washington on January 25, 2018.

“Registrar” means the Registrar of Corporations appointed under Section 263 of the ABCA and in accordance with the *Public Service Act* (Alberta).

“Recognized Market Operator” or **“RMO”** means an authorized person that operates an organized financial market in Singapore and that is regulated by MAS under the SFA.

“Related Party Transaction” has the meaning ascribed to such term in Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions*.

“Restructuring Agreement” means the definitive reorganization agreement between the Issuer, TSGMH, TSMC, and TSMUK dated August 5, 2020 whereby the Issuer and the Tata Steel Group agree to the following principal terms of the Tata Restructuring, including, without limitation: (a) the cancellation of 47,402,908 Issuer Shares held by TSGMH; (b) sale of 20.52 Class B common shares in the capital of TSMC held by the Issuer to TSMUK; and (c) the settlement of all outstanding indebtedness between the Tata Steel Group and the Issuer.

“Resulting Issuer” means the Issuer as it exists at the Effective Time and renamed “Abaxx Technologies Inc.”, all as more fully described in this Disclosure Document.

“Resulting Issuer Board” means the Board of the Resulting Issuer, which shall take effect as of the Effective Time.

“Resulting Issuer Escrow Agreement” means an escrow agreement for securities of Principals of the Resulting Issuer prepared in accordance with National Policy 46-201 *Escrow for Initial Public Offerings* and NEO Policies.

“Resulting Issuer Options” means options to purchase Resulting Issuer Shares.

“Resulting Issuer Securities” means the Resulting Issuer Shares, the Resulting Issuer Options, and the Resulting Issuer Warrants.

“Resulting Issuer Shares” means the common shares in the capital of the Resulting Issuer.

“Resulting Issuer Warrants” means the 443,332 Resulting Issuer Share purchase warrants entitling the holder thereof to acquire one Resulting Issuer Share at an exercise price of \$2.47 per Resulting Issuer Share and expiring on December 31, 2020.

“ROI” means return on investment;

“Royalty” has the meaning set forth under the headings *“Part III – Information Concerning the Target Company – General Development of the Business – Narrative Description of the Business - History”*.

“Royalty Agreement” has the meaning set forth under the headings *“Part III – Information Concerning the Target Company – General Development of the Business – Narrative Description of the Business - History”*.

“RSU Plan” “means the fixed restricted stock unit plan to be approved by the Issuer Shareholders at the Issuer Shareholders’ Meeting.

“SaaS” means software as a service.

“SEDAR” means the System for Electronic Document Analysis and Retrieval and located on the internet at www.sedar.com.

“SFA” means the *Securities and Futures Act* (Chapter 289 of Singapore).

“Share Consolidation” means the consolidation of the Issuer Shares in accordance with the Share Consolidation Ratio.

“Share Consolidation Ratio” means the consolidation of the Issuer Shares on the basis of twelve (12) pre-Consolidation Issuer Shares for one (1) post-Consolidation Issuer Share.

“Smart Crowd” means Smart Crowd Holdings Limited, a company incorporated and registered in the Abu Dhabi Global Market, with its head office is located in Abu Dhabi, UAE.

“Software and IP Portfolio” has the meaning ascribed thereto under *“Part III - Information Concerning the Target Company – Narrative Description of the Business – General Development of the Business”*.

“Sponsor” has the meaning specified in TSX Venture Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*.

“Sponsorship Agreement” has the meaning ascribed thereto in *“Part V – General Matters – Sponsorship and Agent Relationship – Sponsor”*.

“Sponsorship Report” means the report prepared by the Sponsor but not submitted to the TSXV in connection with the listing application of the Issuer submitted to the TSXV.

“ssdID” means self-sovereign digital identity.

“**Subco**” means 12404206 Canada Inc., a corporation incorporated pursuant to the CBCA, and a wholly-owned subsidiary of the Issuer.

“**Subco Shares**” means the common shares in the capital of Subco.

“**Subco Shareholder**” means a registered holder of Subco Shares, from time to time, and “Subco Shareholders” means all of such holders.

“**Subsidiary**” shall have the meaning ascribed thereto in the CBCA or ABCA, as the case may be.

“**Support Services**” has the meaning set forth under the headings “*Part III – Information Concerning the Target Company – General Development of the Business – History*”.

“**Tata**” means Tata Steel Limited;

“**Tata Restructuring**” means the restructuring of the Issuer’s relationship with Tata Steel Limited whereby the Issuer will complete the following transactions (the “**NML Restructuring Consideration**”) pursuant to the Restructuring Agreement prior to closing of the Definitive Agreement: (a) grant a 1% gross revenue royalty to Tata with respect to the LabMag and KéMag properties (the “**Taconite Property**”) held by the Issuer (the “**Tata Royalty**”), whereby the Tata Royalty may be reduced to a 0.5% gross revenue royalty for \$5,000,000; (b) forgive any receivables due from Tata or TSMC; and (c) relinquish its 4.32% interest in TSMC. In exchange for the NML Restructuring Consideration, Tata will complete the following transactions (the “**Tata Restructuring Consideration**”): (a) forgive any receivables due from the Issuer; (b) return to the Issuer for cancellation the 47,402,908 Issuer Shares held by Tata; and (c) forego any claims under all outstanding heads of agreement between the Issuer and Tata (the “**Tata Restructuring Consideration**”);

“**Tata Royalty**” means the 1% gross revenue royalty to Tata upon closing of the Tata Restructuring with respect to the LabMag and KeMag Properties held by the Issuer.

“**Tata Steel Group**” means collectively TSGMH, TSMC and TSMUK.

“**Tax Act**” means the *Income Tax Act* (Canada), as amended.

“**Transaction**” means the business combination involving the Issuer and Abaxx, that will result in a reverse take-over of the Issuer by Abaxx pursuant to a “three-cornered Business Combination” among Issuer, Subco and Abaxx, which, if completed, following which securityholders of Abaxx will own the substantial majority of the Resulting Issuer Shares.

“**TSGMH**” means TS Global Minerals Holdings Pte. Ltd.;

“**TSMC**” means Tata Steel Minerals Canada;

“**TSMUK**” means TSMUK Ltd.;

“**TSX**” means the Toronto Stock Exchange.

“**TSX Policies**” means the TSX Company Manual

“**TSXV**” means the TSX Venture Exchange.

“**TSXV Policies**” means the policies of the TSXV under the TSXV Manual.

“**TSXV Manual**” means the TSX Corporate Finance Manual.

“**USPTO**” means the United States Patent and Trademark Office.

“U.S. Securities Act” means the United States *Securities Act of 1933*, as amended.

“United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

CURRENCY PRESENTATION

In this Disclosure Document, unless otherwise indicated, all references to \$ or “dollars” refer to Canadian dollars and references to USD\$ refers to United States dollars.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Disclosure Document contains forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by terminology such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, Abaxx, or Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements in this Disclosure Document include, but are not limited to, statements with respect to:

- the available funds of the Resulting Issuer upon Closing, and the anticipated use of those funds by the Resulting Issuer;
- the Resulting Issuer’s anticipated directors, officers and insiders; and
- the future growth, results of operations, performance and business prospects and opportunities of Abaxx (and therefore, the Resulting Issuer).

The forward-looking statements contained in this Disclosure Document reflect the Issuer and Abaxx’s current views and are based on certain assumptions, including assumptions regarding:

- the ability of the Issuer and Abaxx to satisfy all conditions precedent and obtain all regulatory approvals for the Transaction, including by the dates indicated;
- the anticipated closing of the Tata Restructuring;
- the anticipated costs to complete the Transaction; and
- whether Abaxx (and therefore, the Resulting Issuer) will be able to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of Abaxx, and therefore the Resulting Issuer, will be as anticipated.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Disclosure Document. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to the ability of the Issuer to obtain necessary financing, satisfaction of the conditions under the Definitive Agreement, NEO Exchange approval of the listing of the Resulting Issuer Shares, the economy generally, compliance with applicable laws and regulations, commercialization of the Software and IP Portfolio and/or Abaxx Exchange and Clearing, continued efficacy and marketability of the Software and IP Portfolio, consumer interest in the services and products of the Resulting Issuer, competition, and anticipated and unanticipated costs. Such statements could also be materially affected by the impact of general imprecision of environmental risks, environmental regulation, taxation policies, competition, the lack of available and qualified personnel or management, stock market volatility, and the ability to access sufficient capital from internal and external sources.

Actual results, performance, or achievements could differ materially from those expressed herein. While the Issuer anticipates that subsequent events and developments may cause its views to change, the Issuer specifically disclaims any obligations to update these forward-looking statements should not be relied upon as representing the Issuer’s views as of any date subsequent to the date of this Disclosure Document. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-

looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The factors identified in the *Cautionary Note Regarding Forward Looking Statements* above are not intended to represent a complete list of the factors that could affect the Issuer, Abaxx or the Resulting Issuer. Additional factors are noted in this Disclosure Document under “*Risk Factors*”.

MARKET AND INDUSTRY DATA

The market and industry data contained in this Disclosure Document relating to Abaxx and its business was obtained from third-party sources, industry reports and other publications and Abaxx’s management’s knowledge of, and experience in, the industry in which Abaxx operates. None of the sources of market and industry data have provided any form of consultation, advice or counsel regarding any aspect of, or is in any way whatsoever associated with, the Transaction. Market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data at any particular point in time, the voluntary nature of the data gathering process or other limitations and uncertainties inherent in any statistical survey. Accordingly, the accuracy and completeness of this data are not guaranteed. Neither Abaxx nor the Issuer has independently verified any of the data from third party sources referred to in this Disclosure Document or ascertained the underlying assumptions relied upon by such sources.

SUMMARY OF DISCLOSURE DOCUMENT

The following is a summary of information relating to the Issuer, Abaxx and, after Completion of the Transaction set out hereunder, the Resulting Issuer, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Disclosure Document. Capitalized terms used in this summary, and not defined in this summary, will have the meaning provided in the Glossary or elsewhere in this Disclosure Document. No person is authorized to give any information or to make any representation not contained in this Disclosure Document and, if given or made, such information or representation should not be relied upon as having been authorized. This Disclosure Document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. Neither delivery of this Disclosure Document nor any distribution of the securities referred to in this Disclosure Document shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Disclosure Document.

Summary of the Business Combination

On September 18, 2020, the Issuer and Abaxx entered into the Definitive Agreement pursuant to which the Issuer will acquire indirectly all of the issued and outstanding Abaxx Shares in exchange for Issuer Shares, as applicable, in accordance with the Exchange Ratio. In connection with the Transaction, an aggregate of 51,981,539 Issuer Shares were issued in exchange of 64,164,241 Abaxx Common Shares and 358,113 Abaxx Warrants. The Transaction was effected in accordance with the Plan of Arrangement. Upon Closing, Abaxx became a wholly-owned subsidiary of the Issuer named “Abaxx Technologies Holdco Inc.”

The Transaction constituted a reverse takeover of the Issuer by Abaxx Shareholders, in as much as former Abaxx Shareholders and holders of Abaxx Warrants own approximately 81.8% of the outstanding Resulting Issuer Shares (74.7% on a fully diluted basis) immediately after the Effective Time. See “Part IV – Information Concerning the Resulting Issuer”.

The principal features of the Business Combination pursuant to the Definitive Agreement are described below:

- (a) each Abaxx Preference Share outstanding immediately prior to the Effective Time will be converted into Abaxx Common Shares in accordance with the terms of the Abaxx Preference Shares;
- (b) the principal sum and all accrued unpaid interest outstanding of the Abaxx Convertible Debentures immediately prior to the Effective Time will be converted into approximately 8,316,027 Abaxx Common Shares at the Conversion Price;
- (c) the principal sum and all accrued unpaid interest outstanding of the ACX Convertible Debenture immediately prior to the Effective Time will be converted into ACX Common Shares at a price of US\$1.00 per ACX Common Share;
- (d) all Abaxx Common Shares held by holders who have exercised their rights of dissent under the application provisions of the CBCA (“**Abaxx Dissenting Shares**”) will be deemed to have been assigned and transferred to the Issuer and the holders of such Abaxx Dissenting Shares will cease to have any rights as Abaxx Shareholders other than the right to be paid fair value of their Abaxx Common Shares;
- (e) each other Abaxx Common Share shall be deemed assigned and transferred to the Issuer and the holder thereof shall receive that number of Resulting Issuer Shares as is equal to the number of Abaxx Common Shares held by such Abaxx Shareholder immediately prior to the Effective Time multiplied by the Exchange Ratio;
- (f) each Abaxx Warrant outstanding immediately prior to the Effective Time shall be either, at the sole election of the holder thereof, exchanged for Resulting Issuer Warrants or Resulting Issuer Shares

in accordance with the Exchange Ratio. Each Resulting Issuer Warrant issued in exchange for an Abaxx Warrant shall be exercised into Resulting Issuer Shares on the same terms and conditions as the original outstanding Abaxx Warrant, subject to the Exchange Ratio;

- (g) each Abaxx Option outstanding immediately prior to the Effective Time shall be exchange for Resulting Issuer Options, in accordance with the Exchange Ratio, with each such Resulting Issuer Option being exercisable into Resulting Issuer Shares on the same terms and conditions as the original outstanding Abaxx Options (subject to the terms and conditions of the Issuer SOP);
- (h) Abaxx and Subco will amalgamate and continue as one corporation under the provisions of the CBCA and, as a result, the property and liabilities of Subco and Abaxx will become the property and liabilities of Amalco.

Prior to the Effective Date, and subject to the approval of the Issuer Shareholders at the Issuer Shareholders' Meeting, the Issuer filed articles of amendment to give effect to the Share Consolidation. Upon Closing, the Abaxx Common Shares were deemed to be exchanged at a ratio of one (1) Abaxx Common Share for 0.809 post-Share Consolidation Issuer Share at the deemed price of \$0.99 per Resulting Issuer Share.

The Completion of the Transaction contemplated by the Definitive Agreement is subject to certain conditions precedent, including but not limited to: (a) obtaining all necessary regulatory approvals, including Final NEO Approval, approvals from the TSX and Court approval of the Arrangement; (b) the approval by the Issuer Shareholders of the Issuer Transaction Resolution, the Issuer Reorganization Resolution and the Issuer Consolidation and Name Change Resolution; (c) the approval of the Abaxx Shareholders of the Arrangement Resolution; (d) completion of the Tata Restructuring; (e) completion of the Abaxx Debenture Conversion; (f) the entering into a shareholder agreement among the shareholders of ACX; (g) the conversion of all outstanding indebtedness under the ACX Convertible Debenture; and (h) other customary conditions. As of the date of this Disclosure Document, conditions (b) through (h) of the above have been satisfied or waived by the Parties. Completion of the Transaction remains subject to Final NEO Approval.

See "*Part I – The Transaction*".

Effect of the Transaction

On the Effective Date and following completion of the Tata Restructuring, Business Combination and the Share Consolidation:

- (a) the Resulting Issuer will carry on the business and activities of Abaxx;
- (b) there are an aggregate of 63,558,062 Resulting Issuer Shares issued and outstanding (including holders of Abaxx Warrants whom elected to receive Resulting Issuer Shares);
- (c) the following convertible securities of the Resulting Issuer are be issued and outstanding: (i) an aggregate of 5,578,534 Resulting Issuer Options, each exercisable to acquire a Resulting Issuer Share at a price varying from \$0.49 to \$1.23 per Resulting Issuer Share with expiry dates ranging from October 1, 2023 to December 14, 2025;
- (d) former holders of Abaxx Warrants will hold an aggregate of 443,332 Resulting Issuer Warrants;
- (e) former Abaxx Shareholders and holders of Abaxx Warrants hold an aggregate of 51,981,539 Resulting Issuer Shares representing approximately 81.8% of the outstanding Resulting Issuer Shares on a non-diluted basis (74.7% on a fully diluted basis);
- (f) existing Issuer Shareholders hold an aggregate of 11,137,596 Resulting Issuer Shares representing approximately 17.5% of the outstanding Resulting Issuer Shares on a non-diluted basis (16.1% on a fully diluted basis);

- (g) the financial advisor to the Issuer was issued 438,927 Resulting Issuer Shares in aggregate in connection with their engagements with the Issuer; and
- (h) the board of directors of the Resulting Issuer (the “**Resulting Issuer Board**”) is composed of Joshua Crumb (Chair), Thom McMahon, Margot Naudie, Catherine Flax, W. Scott Leckie and Daniel P. Owen.

See “*Part I – The Transaction – Effect of the Transaction*”.

Tata Restructuring

Prior to the Effective Time, the Issuer completed a reorganization of its relationship with the Tata Steel Group (as defined below). On August 5, 2020, TS Global Minerals Holdings Pte. Ltd. (“**TSGMH**”), Tata Steel Minerals Canada Ltd. (“**TSMC**”) and TSMUK LTD (“**TSMUK**”, and together with TSGMH and TSMC, the “**Tata Steel Group**”) and the Issuer entered into a reorganization agreement (the “**Restructuring Agreement**”) to complete a reorganization of their relationship (the “**Tata Restructuring**”) as follows:

- (1) The Issuer will sell and transfer its 4.32% interest in TSMC to TSMUK, representing its entire interest, or undertake a similar transaction with a similar effect;
- (2) The Issuer will purchase for cancellation the 47,402,908 Issuer Shares held by TSGMH, representing TSGMH’s entire interest, or undertake a similar transaction with a similar effect, following which TSGMH will own no Issuer Shares;
- (3) The Issuer will retain its interests in the LabMag and KéMag properties (the “**Taconite Properties**”), and TSGMH will be granted 1.0% gross revenue royalty on the Taconite Properties, which may be further reduced to 0.5% gross revenue royalty upon cash payment of an agreed upon amount to TSGMH exercisable at any time upon a 30 calendar days’ prior written notice to TSGMH;
- (4) The heads of agreements dated September 24, 2008 and March 6, 2011 between TSGMH, the Issuer and LabMag Limited Partnership pertaining to the Taconite Properties will each be terminated; and
- (5) Subject to the obligations contained in the Restructuring Agreement, all outstanding payables between the Issuer, on the one hand, and the Tata Steel Group, on the other hand, will be settled between the parties and the parties will enter into a mutual release.

Completion of the Tata Restructuring was subject to satisfaction of certain conditions specified in the Restructuring Agreement, including TSX approval, the requisite approvals of the Issuer’s Shareholders and the satisfaction of certain other conditions that are customary for a transaction of this nature. Following the Tata Restructuring, the Issuer had 133,651,238 Issuer Shares issued and outstanding.

Name Change and Share Consolidation

At the Issuer Shareholders’ Meeting, the Issuer Shareholders approved the Issuer Consolidation and Name Change Resolution to change its name to a name chosen by Abaxx and approved by the directors of the Issuer and to complete the Share Consolidation on the basis of twelve (12) pre-Share Consolidation Issuer Shares to one (1) post-Share Consolidation Issuer Share.

Prior to the Effective Time, the Issuer completed the Share Consolidation and changed its name to “Abaxx Technologies Inc.”

The Resulting Issuer

Pursuant to the Definitive Agreement, immediately prior to Closing, Abaxx amalgamated with Subco to form Amalco. Following Closing, Amalco is a wholly-owned subsidiary of the Resulting Issuer. The capital structure of the Resulting Issuer was altered in the manner contemplated by the Transaction. It is anticipated that upon the issuance of the Final NEO Approval, the Resulting Issuer will be listed on the NEO Exchange and following the Completion of the

Transaction, the business of the Resulting Issuer will be the business of Abaxx. See “*Part IV – Information Concerning The Resulting Issuer*”.

About the Issuer

The Issuer was incorporated under the name “New Millennium Capital Corp.” under the laws of the Province of Alberta pursuant to the ABCA on August 8, 2003, and changed its name to “New Millennium Iron Corp.” on June 14, 2011 pursuant to a Certificate of Amendment issued under the ABCA. On November 10, 2003, the articles of incorporation were amended to remove the “private company” restrictions.

The address of the Issuer’s executive office was 1000 Sherbrooke Street West, Suite 1120, Montreal, Québec, H3A 3G4 and the Issuer’s registered and records office is 855, 2 Street Southwest, Suite 3500, Calgary, Alberta, T2P 4K1. The Issuer was a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Issuer Shares were listed on the TSX under the trading symbol “NML”.

The Issuer formed as a capital pool company and subsequently completed its initial public offering on December 12, 2003. The Issuer Shares began trading on the TSXV in August 2003 under the symbol “NML.P”. On August 11, 2004, the Issuer announced that it had completed its qualifying transaction for the purposes of TSXV Policy 2.4. On October 19, 2011, the Issuer Shares commenced trading on the TSX under the symbol “NML”.

Prior to Closing and completion of the Tata Restructuring, the Issuer had 181,054,146 Issuer Shares issued and outstanding and as of September 30, 2020, the Issuer had a working capital of approximately \$11,800,000. Upon closing of the Tata Restructuring, the Issuer had 133,651,238 Issuer Shares issued and outstanding.

See “*Part II – Information Concerning the Issuer – General Development of the Business*”.

About Abaxx

Abaxx Technologies Inc. (“**Abaxx**”) was formed as a development stage financial technology business developing software tools which enable commodity traders and finance professionals to communicate, trade and transact faster and more securely. In addition, Abaxx, prior to and after amalgamating with Subco to form Amalco, is the majority shareholder of Abaxx Singapore Pte. Ltd. (“**Abaxx Exchange and Clearing**”, or “**ACX**”), a nascent commodity futures exchange seeking final regulatory approvals as a Recognized Market Operator (“**RMO**”) and Approved Clearinghouse (“**ACH**”) with the Monetary Authority of Singapore (“**MAS**”). On September 7, 2020, ACX received Approval in Principle of its RMO application, subject to various terms and conditions.

The Abaxx mission is to advance commodity trading and financing markets as the global economy transitions from carbon intensive coal and oil energy sources to mass electrification based on clean natural gas, renewable energy, and smart grid energy storage. To achieve the stated mission, Abaxx has developed a business strategy comprised of two core components: (i) investing in the Abaxx “Commoditization of Trust®” software portfolio, which involves new internet communication protocols and proprietary financial software to support and improve global commodity trading markets (the “**Software and IP Portfolio**”); and (ii) commercializing ACX, a majority-owned commodity futures exchange based in Singapore that utilizes the Software and IP Portfolio, which is currently developing new global energy benchmark contracts as well as contracts to trade precious metals and battery metals. It is anticipated that contracts traded on ACX will include Environmental, Social, and Corporate Governance (“**ESG**”) certifications to support a global shift to more responsible trading and investing.

Abaxx was incorporated on January 25, 2018 pursuant to the Canada Business Corporations Act. Abaxx, through Abaxx Technologies Corp. (“**Abaxx Tech**”), incorporated under the laws of Barbados, owns the Software and IP Portfolio. Amalco currently controls approximately 81% of the issued and outstanding common shares of Abaxx Singapore Pte. Ltd., incorporated under the laws of Singapore.

As of June 30, 2020, Abaxx had 52,158,911 Abaxx Common Shares issued and outstanding, 2,830,000 Abaxx Preference Shares issued and outstanding and a working capital deficiency of \$4,705,975.

See “*Part III – Information Concerning Abaxx – General Development of the Business of Abaxx*”.

Procedural Steps

The Arrangement was effected pursuant to the CBCA. The following procedural steps were taken in order for the Transaction to become effective:

- (1) the Definitive Agreement was approved pursuant to a special resolution of the shareholders of Abaxx Shareholders and Issuer Shareholders on or before the Effective Date;
- (2) all applicable regulatory approvals relating to the Arrangement were received pursuant to the Definitive Agreement; and
- (3) all conditions precedent to the Arrangement, as set forth in the Definitive Agreement, were satisfied or waived by the applicable Party.

The respective obligations of Abaxx and the Issuer to consummate the Transaction contemplated by the Definitive Agreement were subject to the satisfaction, on or before the Effective Date, or such other time specified, of certain conditions including, but not limited to, the following:

- (1) the Issuer receiving notice from the TSX regarding the delisting of the Issuer Shares;
- (2) the Issuer Transaction Resolution being approved by the Issuer Shareholders in accordance with the applicable provisions of the ABCA and the rules of the TSX;
- (3) the Arrangement Resolution being approved pursuant to a special resolution of the Abaxx Shareholders on or before the Effective Date;
- (4) the Articles of Arrangement being filed with the Registrar in accordance with the Definitive Agreement in form and substance satisfactory to each of Abaxx and the Issuer acting reasonably;
- (5) there shall not have been in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Definitive Agreement, including, without limitation, the Arrangement;
- (6) all necessary third party, regulatory, and governmental approvals, waivers and consents in respect of the transactions contemplated herein were obtained on terms and conditions satisfactory to Abaxx and the Issuer, each acting reasonably, including, without limitation, the conditional approval of the NEO Exchange to the listing thereon of the Resulting Issuer Shares;
- (7) no material action or proceeding was pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there was no action taken under applicable laws or any regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that, as of the Effective Date:
 - a. made illegal or otherwise directly or indirectly restrained, enjoined or prohibited the Business Combination or any other transactions contemplated herein; or
 - b. resulted in a judgment or assessment of material damages directly or indirectly relating to the Transaction contemplated herein; and
- (8) the Definitive Agreement not being terminated.

Interests of Insiders, Promoters or Control Persons

Except as disclosed herein, no Insider, Promoter, or Control Person of the Issuer and no Associate or Affiliate of any of those persons, had any interest in the Transaction other than that which arises from the holding of Resulting Issuer Shares.

Upon Closing, the Resulting Issuer Board is composed of Margot Naudie, Catherine Flax, Joshua Crumb, Thom McMahon, W. Scott Leckie, and Daniel P. Owen. The officers of the Resulting Issuer are Joshua Crumb (President and Chief Executive Officer) and Robert Boisjoli (Chief Financial Officer and Corporate Secretary).

The following table summarizes the interests of any Insider, Promoter or Control Person of the Issuer, Abaxx and the Resulting Issuer and their respective Associates and Affiliates (before and after giving effect to the Transaction, including any consideration that such individual may receive if the Transaction proceeds).

Name of Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Issuer Shares and/or Abaxx Shares prior to Closing⁽¹⁾	Number of Resulting Issuer Shares after Closing⁽²⁾
<i>Mario Caron</i>	CEO and Director of the Issuer	715,000 (0.4%)	59,583 (0.1%)
<i>Robert P. Boisjoli</i>	CFO and Director of the Issuer and Proposed CFO and Corporate Secretary of the Resulting Issuer	267,083 (0.1%) (Issuer Shares) 37,083 (0.1%) (Abaxx Shares)	46,666 (0.1%)
<i>Prasanto Kumar Ghose</i>	Director of the Issuer	Nil	Nil
<i>H. Dean Journeaux</i>	Director of the Issuer	2,872,538 (1.6%)	239,378 (0.4%)
<i>W. Scott Leckie</i>	Director of the Issuer and Proposed Director of Resulting Issuer	840,000 (0.5%)	70,000 (0.1%)
<i>Rajiv Mukerji</i>	Director of the Issuer	Nil	Nil
<i>Daniel P. Owen</i>	Director of the Issuer and Proposed Director of Resulting Issuer	3,431,039 (1.9%)	285,919 (0.5%)
<i>D.B. Sundara Ramam</i>	Director of the Issuer	Nil	Nil
<i>Dennis Peterson</i> ⁽³⁾	Director and Corporate Secretary of Abaxx	695,833 (1.1%)	562,928 (0.9%)
<i>Joshua Crumb</i> ⁽⁴⁾	Director, CEO and Promoter of Abaxx and Proposed CEO and Director of the Resulting Issuer	11,100,000 (17.3%)	11,061,529 ⁽⁵⁾ (17.4%)
<i>Aamer Siddiqui</i> ⁽⁶⁾	CFO of Abaxx	Nil	Nil
<i>Thom McMahon</i>	Proposed Director of Resulting Issuer	Nil	Nil
<i>Margot Naudie</i> ⁽⁷⁾	Proposed Director of Resulting Issuer	129,167 (0.2%)	107,033 (0.2%)
<i>Catherine Flax</i>	Proposed Director of Resulting Issuer	123,610 (0.2%)	100,000 (0.2%)
<i>Dan McElduff</i> ⁽⁸⁾	President of ACX	25,000 (>0.1%)	20,225 (>0.1%)
<i>Joe Raia</i> ⁽⁹⁾	Chief Commercial Officer of ACX	Nil	Nil
<i>Mason Wallick</i> ⁽¹⁰⁾	Director of ACX	10,000 (>0.1%)	8,090 (>0.1%)

Notes:

- (1) Prior to Closing and the completion of the Tata Restructuring, there were 181,054,146 Issuer Shares outstanding and 64,164,241 Abaxx Common Shares outstanding. Following the Tata Restructuring, there were 133,651,238 Issuer Shares issued and outstanding. A total of 11,146,027 Abaxx Common Shares were issued, without further action or condition, immediately prior to the Effective Time, pursuant to the Business Combination on the conversion of : (i) the Abaxx Preference Shares; and (ii) the principal sum and all accrued unpaid interest outstanding of the Abaxx Convertible Debentures.
- (2) Issued and outstanding of the Resulting Issuer upon Completion of the Transaction assumes completion of the Share Consolidation and the cancellation of 47,402,908 Issuer Shares held by Tata upon completion of the Tata Restructuring.

- (3) Dennis Peterson also held 191,000 Abaxx Options to purchase 191,000 Abaxx Common Shares. Of the 191,000 Abaxx Options held by Mr. Peterson, 66,000 Abaxx Options are exercisable at \$0.40 per Abaxx Common Share until October 1, 2023 and 125,000 Abaxx Options are exercisable at \$1.00 per Abaxx Common Share until October 1, 2023. Pursuant to the Transaction, all outstanding Abaxx Options were exchanged for Resulting Issuer Options and, subject to the policies of the NEO Exchange, have the same terms and conditions as the Abaxx Options. All Resulting Issuer Shares exchanged for Abaxx Common Shares beneficially held by Mr. Peterson are registered in the name of his wife and Peterson Law Professional Corporation.
- (4) Joshua Crumb also held 250,000 Abaxx Options to purchase 250,000 Abaxx Common Shares. Of the 250,000 Abaxx Options held by Mr. Crumb, 125,000 Abaxx Options are exercisable at \$0.40 per Abaxx Common Share until October 1, 2023 and 125,000 Abaxx Options are exercisable at \$1.00 per Abaxx Common Share until October 1, 2023. Pursuant to the Transaction, all outstanding Abaxx Options were exchanged for Resulting Issuer Options and, subject to the policies of the NEO Exchange, have the same terms and conditions as the Abaxx Options.
- (5) Includes conversion of the US\$1,000,000 plus accrued interest held by Mr. Joshua Crumb in Abaxx Convertible Debentures, resulting in the issuance of 2,560,543 Abaxx Common Shares.
- (6) Aamer Siddiqui held 50,000 Abaxx Options to purchase 50,000 Abaxx Common Shares at an exercise price of \$1.00 per Abaxx Common Share until October 1, 2023. Pursuant to the Transaction, all outstanding Abaxx Options were exchanged for Resulting Issuer Options and, subject to the policies of the NEO Exchange, have the same terms and conditions as the Abaxx Options.
- (7) Margot Naudie also held 275,000 Abaxx Options to purchase 250,000 Abaxx Common Shares. Of the 250,000 Abaxx Options held by Ms. Naudie, 125,000 Abaxx Options are exercisable at \$0.40 per Abaxx Common Share until October 1, 2023; 125,000 Abaxx Options are exercisable at \$1.00 per Abaxx Common Share until October 1, 2023; and 25,000 Abaxx Options are exercisable at \$0.55 per Abaxx Common Share until April 1, 2025. Pursuant to the Transaction, all outstanding Abaxx Options were exchanged for Resulting Issuer Options and, subject to the policies of the NEO Exchange, have the same terms and conditions as the Abaxx Options.
- (8) Dan McElduff also held 266,000 Abaxx Options to purchase 266,000 Abaxx Common Shares. Of the 266,000 Abaxx Options held by Mr. McElduff, 166,000 Abaxx Options are exercisable at \$0.40 per Abaxx Common Share until October 1, 2023 and 100,000 Abaxx Options are exercisable at \$1.00 per Abaxx Common Share until October 1, 2023. Pursuant to the Transaction, all outstanding Abaxx Options were exchanged for Resulting Issuer Options and, subject to the policies of the NEO Exchange, have the same terms and conditions as the Abaxx Options.
- (9) Joe Raia also held 200,000 Abaxx Options to purchase 200,000 Abaxx Common Shares. Of the 200,000 Abaxx Options held by Mr. Raia, 120,000 Abaxx Options are exercisable at \$0.55 per Abaxx Common Share until April 1, 2020 and 80,000 Abaxx Options are exercisable at \$1.00 per Abaxx Common Share until June 1, 2025. Pursuant to the Transaction, all outstanding Abaxx Options were exchanged for Resulting Issuer Options and, subject to the policies of the NEO Exchange, will have the same terms and conditions as the Abaxx Options.
- (10) Mason Wallick also held 100,000 Abaxx Options to purchase 100,000 Abaxx Common Shares, such Abaxx Options exercisable at \$0.40 per Abaxx Common Share until October 1, 2023. Pursuant to the Transaction, all outstanding Abaxx Options were exchanged for Resulting Issuer Options and, subject to the policies of the NEO Exchange, have the same terms and conditions as the Abaxx Options.

Non-Arm's Length Transaction

The Transaction was negotiated by the Parties dealing at arm's length with each other and is an Arm's Length Transaction.

See "Part I – Transaction".

Available Funds and Principal Purposes

Available Funds

The following table sets forth, as of September 30, 2020, the Available Funds anticipated to be available to the Resulting Issuer on a consolidated basis, after giving effect to the Transaction:

Source of Funds	Amount (C\$ in thousands)
Estimated working capital of Issuer	11,800
Estimated working capital of Abaxx	873
TOTAL ESTIMATED AVAILABLE FUNDS	12,673⁽¹⁾

Notes:

- (1) Based on management projections.

See "Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes."

Principal Purposes of Funds

The principal purposes of the Available Funds will be as follows:

Principal Use of Funds	Amount (C\$ in thousands)	Estimated Timing of Expense
Estimated Transaction Costs ⁽¹⁾	2,379	Q4 2020
Abaxx Tech Salaries and Benefits	2,300	Q4 2020 to Q3 2021
Research and Development	1,200	Q4 2020 to Q3 2021
ACX Salaries and Benefits	2,500	Q4 2020 to Q3 2021
ACX Development & Regulatory	1,000	Q4 2020 to Q2 2021
ACX General and Administrative	300	Q4 2020 to Q3 2021
Abaxx General and Administrative ⁽²⁾	1,200	Q4 2020 to Q3 2021
Brand Development and Online Marketing	800	Q1 2021 to Q4 2021
Unallocated Funds ⁽³⁾	994	
TOTAL	12,673	

Notes:

- (1) Includes legal, audit, advisory fees and other expenses related to the Completion of the Transaction.
- (2) Includes expenses related to the general operation of the Resulting Issuer's business, including without limitation, corporate and regulatory fees relating to being a public company.
- (3) Unallocated funds reserved engaging third party clearinghouse to commercialize Abaxx Exchange in Q1 2021. See "Part III – Information Concerning the Target – Narrative Description of the Business – Abaxx Exchange and Abaxx Clearing (ACX)"

See "Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. See "Part III – Information Concerning the Target Company" and "Part IV – Information Concerning The Resulting Issuer – Available Funds and Principal Purposes" below.

Selected Pro Forma Financial Information

The following table summarizes selected pro forma financial information for the Resulting Issuer (as at June 30, 2020), after giving effect to the Transaction, and should be read in conjunction with the pro forma financial statements of the Resulting Issuer attached hereto as Schedule C.

Pro Forma Balance Sheet (C\$ in thousands)	Issuer (as at June 30, 2020)	Abaxx (as at June 30, 2020)	Pro Forma Adjustments	Resulting Issuer Pro Forma
Current Assets	\$12,183,107	\$232,963	\$3,965,694	\$16,381,764
Total Assets	\$18,021,478	\$3,981,987	\$(1,529,306)	\$20,474,069
Total Liabilities	\$925,878	\$8,624,239	\$(5,298,188)	\$4,251,929
Total Shareholders' Equity	\$17,095,600	\$(4,642,342)	\$3,768,883	\$16,222,141

Market for Securities

The Issuer formed as a capital pool company and subsequently completed its initial public offering on December 12, 2003. The Issuer Shares began trading on the TSXV in August 2003 under the symbol “NML.P”. On August 11, 2004, the Issuer announced that it had completed its qualifying transaction for the purposes of TSXV Policy 2.4. On October 19, 2011, the Issuer Shares commenced trading on the TSX under symbol “NML”. The closing price per Issuer Share on September 18, 2020, the date immediately preceding the announcement of the Transaction, was \$0.065.

The Abaxx Common Shares or Abaxx Preference Shares were not listed on any stock exchange at any time.

Conflicts of Interest

Conflicts of interest may arise as a result of the proposed directors and officers of the Resulting Issuer also holding positions as directors and officers of other companies. Conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Resulting Issuer, notwithstanding that they will be bound by the provisions of the ABCA to act at all times in good faith in the interests of the Resulting Issuer and to disclose such conflicts to the Resulting Issuer if and when they arise. Prior to Closing, the Issuer, to the best of its knowledge, was not aware of the existence of any conflicts of interest between the Issuer and any of the directors or officers of the Issuer.

Experts

The following Persons (“**Professional Persons**”) whose profession or business gives authority to a statement made by that Person are named as having prepared or certified part of this Disclosure Document of having prepared or certified a report or valuation described or included in this Disclosure Document:

- (a) the Issuer’s current auditor, MNP LLP conducted the audit and executed the audit report in respect of the consolidated financial statements of the Issuer for the financial year-ended December 31, 2019 and 2018; and
- (b) MNP LLP conducted the audit and executed the audit report in respect of the consolidated financial statements of Abaxx for the financial years ended December 31, 2019 and 2018.

To the knowledge of the management of the Issuer and Abaxx, immediately prior to Closing, neither MNP LLP nor any Associate or Affiliate of MNP LLP, had any beneficial interest, direct or indirect, in the securities or property of the Issuer, Abaxx or the Resulting Issuer or of an Associate or Affiliate of the Issuer, Abaxx or the Resulting Issuer, and no Professional Person is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of any Associate or Affiliate of the Resulting Issuer.

Summary of Risk Factors

An investment in the Resulting Issuer following Completion of the Transaction involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the proposed business of the Resulting Issuer.

The Resulting Issuer will be subject to certain risks, including the following: Completion of the Transaction and Final NEO Approval; Dilution; Tax Consequences; Uncertainty of Use of Proceeds; Nature of Business; Limited Operating History and Financial Resources; Dividends; Due diligence; the Resulting Issuer's assets will be concentrated in the Blockchain technology, which is subject to many inherent risks; Reporting Issuer Risk; Limited Assets; Limited Market for Securities; Risks related to insurance of the Resulting Issuer's operations; Additional Financing Requirements; Exposure and Sensitivity to Macro-Economic Conditions; Risks related to regulation by governmental authorities; Operations in Foreign Jurisdictions; COVID-19 Global Pandemic; Protection of Intellectual Property Rights; Global Financing Condition; Acquisition Risk; Risks related to volatility of share price, absence of dividends and fluctuation of operating results.; Competition; Growth Risk; Risks related to conflicts of interest; Political Regulatory Risks; Currency Risk; Contractual Risk; Profitability; Risks related to value of securities; Tax Amendment Risk; Litigation Risks; Going Concern Risk; Economic environment and global economic risk; Markets for Securities; Third Party Risk; Clearinghouse Risk; Inadequacy of Risk Management Procedures; Malicious Actor Risk; Third-party Software License Risk; Competitive Risks for Abaxx Tech; Competitive Risks for ACX; Competitive Risks;

System Failure Risk; The expansion or development of the business, including through acquisitions, increased product offerings or other strategic growth opportunities may cause disruptions in the Resulting Issuer's business, which may have an adverse effect on the Resulting Issuer's business, operations or financial results.; Security Threats; Limited Management Experience; Reliance on Management and Key Personnel; Software Development Risk; Undetected Error Risk; Risk of Technological Change; Dependence of Technical Infrastructure; Use and Storage of Personal Information and Compliance with Privacy Laws; and Slow Acceptance of Licensed Products, Rapid technological change; Lack of demand; Dependence of technical infrastructure; Protection of the Abaxx Software and Abaxx's intellectual property rights; Use and storage of personal information and compliance with privacy laws; Security threats; Network failure; Slow acceptance of products; and Litigation.

See "*Risk Factors*" for a detailed description of certain risk factors relating to the Transaction and the ownership of the Resulting Issuer Shares, which should be carefully considered before making an investment decision.

NEO Exchange Approval

On December 10, 2020 the NEO Exchange conditionally approved the listing of the Resulting Issuer Shares on the Neo Exchange. Final approval of such listing is subject to the Resulting Issuer satisfying certain conditions as determined by the NEO Exchange.

Risk Factors

The following risk factors assume Completion of the Transaction and that upon Completion of the Transaction, the Resulting Issuer Shares will be listed for trading on the NEO Exchange. Notwithstanding those assumptions, Completion of the Transaction is subject to a number of conditions, including, but not limited to, Final NEO Approval of the Transaction. There can be no assurance that the Transaction will receive Final NEO Approval.

Prospects for companies with new and emerging software technology may be regarded as uncertain given the nature of the industry and, accordingly, licensing Abaxx technology should be regarded as highly speculative. Technology research and development involves a significant degree of risk. An investor should carefully consider the risks and uncertainties described below. The risks and uncertainties described below are not an exhaustive list. Additional risks and uncertainties not presently known to the Resulting Issuer may also adversely affect the Resulting Issuer's business.

An investment in the Resulting Issuer Shares should be considered highly speculative due to the present stage of development and operations of the proposed business of the Resulting Issuer. The risks described herein are not the only ones facing the Resulting Issuer. Additional risks not known to the Issuer or deemed immaterial to the Issuer prior to Completion of the Transaction may also impair the business operations of the Resulting Issuer. If any one or more of the following risk factors occur, the Resulting Issuer's business, financial condition and results of operations could be seriously harmed. Further, if the Resulting Issuer fails to meet the expectations of the public market in any given period, the market price of the Resulting Issuer's Shares could decline. Shareholders and investors should carefully consider the risks outlined below and should consult with their professional advisors when evaluating the acquisition of Resulting Issuer Securities and the impact of losing their entire investment. Investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment.

Risks Related to the Transaction

Completion of the Transaction and Final NEO Approval

There is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the NEO Exchange such that it will issue the Final NEO Approval. There can be no certainty that these conditions will be satisfied, or if satisfied, when they will be satisfied. In the event that any of the conditions precedent are not satisfied or waived, the Completion of the Transaction may not occur.

Dilution

The issuance of Issuer Shares in accordance with the Definitive Agreement, including in exchange for the Abaxx Common Shares issued by Abaxx, may cause dilution to the ownership interests of the Issuer's shareholders.

Any additional issuance of equity securities or a decision to acquire other businesses through the sale of equity securities may dilute investors' interests, and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold. Such issuance may cause a reduction in the proportionate ownership and voting power of all other shareholders. The dilution may result in a decline in the price of the Resulting Issuer Shares.

Tax Consequences

The transactions described herein may have tax consequences in Canada or another jurisdiction, depending on each particular existing or prospective securityholder's specific circumstances. Such tax consequences are not described herein, and this Disclosure Document is not intended to be, nor should it be construed to be, legal or tax advice to any particular shareholder. Existing and prospective shareholders should consult their own tax advisors with respect to any such tax considerations.

Uncertainty of Use of Proceeds

Although the proposed uses of the funds available to the Resulting Issuer is set out in this Disclosure Document, these are estimates only and subject to change. While management does not contemplate any material variation, management of the Resulting Issuer does retain broad discretion in the application of such funds. The failure by the

Resulting Issuer to apply these funds effectively could have a material adverse effect on the Resulting Issuer's business, including the Resulting Issuer's ability to achieve its stated business objectives. See "*Part IV – Information Concerning The Resulting Issuer – Available Funds and Principal Purposes*".

Risks Related to the Business of the Resulting Issuer

Nature of Business

Upon Completion of the Transaction, the Resulting Issuer will be a software technology company focused on developing exchange and marketplace infrastructure including trading and clearing software, financial messaging and data services, digital identity and access management, and with a majority-owned subsidiary engaged in the development of a regulated commodity futures exchange. Each of these activities involve a high degree of risk. The long-term profitability of the Resulting Issuer's operations will be directly related to success of the Resulting Issuer's ability to license its Software and IP Portfolio, and/or commercialize Abaxx Exchange and Clearing (ACX) to which may be affected by a number of factors outside the Resulting Issuer's control.

Limited Operating History and Financial Resources

The Resulting Issuer has a limited history of operations and is in an early stage of development. Abaxx was incorporated on January 25, 2018. As such, the Resulting Issuer will be subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Resulting Issuer will be able to achieve its stated business objectives of commercializing the Software and IP Portfolio or commercializing ACX, or that any of their activities will generate positive cash flow. Consequently, there can be no assurance that the Resulting Issuer will be able to operate profitably.

There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. The Resulting Issuer incurs substantial expenses in the establishment and operation of its business. A significant portion of the Resulting Issuer's financial resources have been and will continue to be, directed to the development of its business and related activities. If the Resulting Issuer does not have access to the required funds to continue the operation and development of its business and operational activities, and to the extent that it does not generate cash flow and income, the Resulting Issuer's long-term viability may be materially and adversely affected.

Dividends

To date, the Resulting Issuer has not paid any dividends on its outstanding securities and the Resulting Issuer does not expect to do so in the foreseeable future. Any decision to pay dividends on the Resulting Issuer Shares will be made by the Board.

Reporting Issuer Risk

As a reporting issuer, the Resulting Issuer will be subject to reporting requirements under applicable laws and NEO Exchange Policies. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly, and increase demand on existing systems and resources. Among other things, the Resulting Issuer will be required to file annual, quarterly and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Resulting Issuer's business and result of operations. The Resulting Issuer may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses.

Management of the Resulting Issuer expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for the Resulting Issuer to retain qualified directors and executive officers.

Limited Assets

Initially following Completion of the Transaction, the Resulting Issuer will hold shares in multiple development stage companies which are at different stages of development and maturity, although all of these companies are early-stage businesses. Each of the businesses may be impacted by factors outside of their control or all of them could be impacted by fluctuations in access to capital markets.

The likelihood of success of the Resulting Issuer must be considered in light of the potential problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment and growth of any business. The Resulting Issuer will have limited financial resources and there is no assurance that additional funding will be available to the Resulting Issuer for further investments in the Software and IP Portfolio or ACX if required. There is no assurance that the Resulting Issuer can generate revenues, operate profitably, or provide a return on investment. The ability of the Resulting Issuer to raise capital, satisfy its obligations and provide a return to its shareholders will be dependent upon the future performance of the Resulting Issuer's ability to commercialize ACX and license its Software and IP Portfolio.

Limited Market for Securities

Upon completion of the proposed Transaction, the Resulting Issuer Shares will be listed on the NEO Exchange; however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained.

Risks related to insurance of the Resulting Issuer's operations

The Resulting Issuer intends to insure its operations. However, given the nature of its business and the business of its subsidiaries, such insurance may not be available, uneconomical for the Resulting Issuer, or the nature or level may be insufficient to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Resulting Issuer. While the Resulting Issuer believes its operations have or will have adequate insurance, such insurance will be subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Resulting Issuer is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Resulting Issuer's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Resulting Issuer were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Resulting Issuer were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Additional Financing Requirements

The Resulting Issuer will require additional financing to obtain MAS approval for Abaxx Clearing to be recognized as an ACH and may require additional financing to commercialize ACX and to license its Software and IP Portfolio, and such financing is not in place as of the date of this Disclosure Document. There can be no assurance that the Resulting Issuer will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of commercialization of ACX or development of the Software and IP Portfolio by the Resulting Issuer. Further, revenues, financings and profits, if any, will depend upon various factors, including the successful creation, adoption and utilization of technologies developed by the Resulting Issuer and its subsidiaries, which will largely depend on the Resulting Issuer's ability to provide a compelling value proposition to potential customers. Any additional equity financing may cause dilution to shareholders and may result in a Change of Control. See "*Risk Factors – Risks Related to the Transaction – Dilution*".

Furthermore, any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictive covenants. If additional funds are raised through the issuance of equity securities, the percentage ownership of the shareholders of the Resulting Issuer will be reduced, shareholders may experience additional dilution in net book value per share, or such equity securities may have rights, preferences or privileges senior to those of the holders of the common shares. If adequate funds are not available on acceptable terms the Resulting Issuer may be unable to develop or enhance its business, take advantage of future opportunity or respond to competitive pressures, any of which could have a material adverse effect on the Resulting Issuer's business, financial condition and operating results.

Exposure and Sensitivity to Macro-Economic Conditions

Given the nature of the proposed commercialization and licensing activities, the results of operations and financial condition of the Resulting Issuer will be dependent, in part, upon general macro-economic conditions. Various factors affecting a sector could have a negative impact on the Resulting Issuer's commercialization and licensing efforts and thereby have an adverse effect on its business.

Macro factors such as fluctuations in commodity prices and global political and economic conditions could also negatively affect the Resulting Issuer's performance. The Resulting Issuer may be adversely affected by the ability of its subsidiaries to continue to raise capital. Moreover, company-specific risks could have an adverse effect on one or more of the investments that may constitute the Resulting Issuer's portfolio at any point in time. Company specific and industry specific risks that may materially adversely affect the Resulting Issuer's ability to commercialize ACX and its Software and IP Portfolio may have a materially adverse impact on its operating results. Factors affecting macro-economic conditions are and will be beyond the Resulting Issuer's control.

Risks related to regulation by governmental authorities

The activities of the Resulting Issuer may be subject to regulation by governmental authorities wherever its business is conducted. Achievement of the Resulting Issuer's business objectives are contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals. The Resulting Issuer cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

The business of the Resulting Issuer is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Resulting Issuer. Failure to follow regulatory requirements will have a detrimental impact on the business. Timing and nature of changes in legislation cannot be predicted and could irreparably harm the business.

Operations in Foreign Jurisdictions

The Resulting Issuer's investments and interests may be exposed to various degree of political, economic and other risks and uncertainties in a foreign jurisdiction. In particular, the Resulting Issuer's business objectives may be affected by the local and governing political and economic developments including and not limited to: expropriation of property including intellectual property rights, invalidation of government orders, permits or agreements to operate, political unrest, labour disputes, limitations on repatriation of earnings, limitation on foreign ownership, inability to obtain or delays in obtaining necessary approvals, licenses, permits, or authorizations, government participation, royalties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies.

The Resulting Issuer's investments may also be adversely affected by the laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with a business interest of the Resulting Issuer in an international jurisdiction, the Resulting Issuer may be subject to the exclusive jurisdiction of foreign courts and may not be successful in subjecting foreign persons to the jurisdiction of courts of Canada or enforcing Canadian judgments in other jurisdictions. The Resulting Issuer may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, regulated exchange activities in international jurisdictions involving the Resulting Issuer or a subsidiary could be substantially affected by factors beyond the Resulting Issuer's control, and which could have a material adverse effect on the Resulting Issuer.

COVID-19 Global Pandemic

COVID-19 is an infectious disease caused by severe acute respiratory syndrome coronavirus 2 ("SARS-CoV-2"). Since December 31, 2019, the outbreak of COVID-19 has led governments worldwide to enact emergency measures to combat the spread of the virus. These measures, which include, among other things, the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Such events may result in a period of business disruption, and in reduced

operations, any of which could have a material adverse impact on the Resulting Issuer's result of operations, financial condition and the market and trading price of the Resulting Issuer's securities.

As of the date of this Disclosure Document, the duration and immediate and eventual impact of the COVID-19 pandemic remains unknown. In particular, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Resulting Issuer. While the outbreak of COVID-19 has not caused disruptions to the Company's business, it may yet cause disruptions to the Resulting Issuer's business and operations plans. Such disruptions may result from (i) restrictions that governments and communities impose to address the COVID-19 global pandemic; (ii) restrictions that the Resulting Issuer and its contractors and subcontractors impose to ensure the safety of employees and others; (iii) shortages of employees and/or unavailability of contractors and subcontractors; (iv) interruption of supplies from third-parties upon which the Resulting Issuer relies; and/or (v) inability to raise capital due to the economic uncertainty caused by COVID-19. Further, it is presently not possible to predict the extent or durations of these disruptions. These disruptions may have a material adverse effect on the Resulting Issuer's business, financial condition and results of operations, which could be rapid and unexpected. These disruptions may severely impact the Resulting Issuer's ability to carry out its business plans.

Protection of Abaxx Tech Software and IP Portfolio

The future success of the Resulting Issuer's business depends upon the intellectual property rights acquired through research and development and acquisitions of intellectual property. Although the Resulting Issuer will seek to protect its proprietary rights through, for example, trademark registrations and patent applications, its actions may be inadequate to protect any proprietary rights or to prevent others from claiming violations of their proprietary rights. There can be no assurance that other companies are not investing or developing other technologies that are similar or identical to the technologies that may be developed by the Resulting Issuer. In addition, effective intellectual property protection may be unenforceable or limited in certain countries, and the global nature of the internet makes it impossible to control the ultimate designation of intellectual property held by the Resulting Issuer. If the protection of proprietary rights is inadequate to prevent unauthorized use or appropriation by third parties, the value of the Resulting Issuer's Software and IP Portfolio may be diminished. Any of these events could have an adverse effect on the Resulting Issuer's business and financial results.

If third party patents or patent applications contain claims infringed by the Software and IP Portfolio and these claims are valid, the Resulting Issuer may be unable to obtain licenses to these patents at a reasonable cost, if at all, and may also be unable to develop or obtain alternative technology. If such licenses cannot be obtained at a reasonable cost, the business could be significantly impacted. Further, the enforceability of the patents owned by the Resulting Issuer may be challenged and the Resulting Issuer's patents could be partially or wholly invalidated following challenges by third parties.

The Resulting Issuer cannot assure its shareholders that its activities will not infringe on patents, trademarks or other intellectual property rights owned by others. If the Resulting Issuer is required to defend itself against intellectual property rights claims, it may spend a significant time and effort and incur significant litigation costs, regardless of whether such claims have merit. If the Resulting Issuer is found to have infringed on the patents, trademarks or other intellectual property rights of others, the Resulting Issuer may also be subject to substantial claims for damages or a requirement to cease the use of such disputed intellectual property, which could have an adverse effect on the Resulting Issuer's revenue. Such litigation or claims and the consequences that could follow could distract management of the Resulting Issuer from the ordinary operation of its business and could increase costs of doing business, resulting a negative impact on the business, financial condition or results of the Resulting Issuer.

The Resulting Issuer's Software and IP Portfolio also relies on trade secrets, which include information relating to the development and administration of its technology. The protective measures that the Resulting Issuer employs may not provide adequate protection for their trade secrets. This could erode the competitive advantage of the Software and IP Portfolio and materially harm the value of the business of the Resulting Issuer. The Resulting Issuer cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology, or that the Resulting Issuer will be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret.

Global Financing Conditions

Market events and conditions, including disruption in the Canadian, United States and international financial markets and other financial systems and the deterioration of Canadian, United States and global economic and financial market conditions, could, among other things, impact currency trading and impede access to capital or increase the cost of capital, which would have an adverse effect on the Resulting Issuer's ability to fund its stated business objectives of commercializing ACX and licensing its Software and IP Portfolio. Current and future conditions in the domestic and global economies remain uncertain. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy, including the market areas in which the Resulting Issuer intends to license its Software and IP Portfolio.

Moreover, access to financing continues to be negatively impacted by COVID-19. As such, the Resulting Issuer and its subsidiaries may be subject to counterparty risk and liquidity risk. The Resulting Issuer will be exposed to various counterparty risks including, but not limited to: (i) through financial institutions that hold the Resulting Issuer's cash; (ii) through companies that have payables to the Resulting Issuer; and (iii) through the Resulting Issuer's insurance providers. The Resulting Issuer will also be exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Resulting Issuer to obtain loans and other credit facilities in the future, and, if obtained, on terms favourable to the Resulting Issuer. If these increased levels of volatility and market turmoil continue, the Resulting Issuer's operations could be adversely impacted and the trading price of the Resulting Issuer Shares could be adversely affected.

Acquisition Risk

If appropriate opportunities present themselves, the Resulting Issuer intends to invest in businesses, technologies, services or products that the Resulting Issuer believes will add value to its Software and IP Portfolio. There can be no assurance that the Resulting Issuer will be able to identify, negotiate or finance future acquisitions successfully. There can be no assurance that the Resulting Issuer will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Resulting Issuer may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Resulting Issuer's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Resulting Issuer's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Resulting Issuer to obtain additional equity or debt financing, which might not be available on terms favourable to the Resulting Issuer, or at all, and such financing, if available, might be dilutive.

Risks related to volatility of share price, absence of dividends and fluctuation of operating results.

Market prices for the securities of technology companies have historically been highly volatile. Factors such as fluctuation of the Resulting Issuer's operating results, announcements of technological innovations, patents or new commercial products by the Resulting Issuer or competitors, and other factors could have a significant effect on the share price or trading volumes for the Resulting Issuer Shares. The Resulting Issuer has not paid dividends to date and the Resulting Issuer does not expect to pay dividends in the foreseeable future.

Competition

The Resulting Issuer may face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and more marketable intellectual property than the Resulting Issuer. To remain competitive, the Resulting Issuer will require a continued high level of investment in research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Many of the Resulting Issuer's competitors and potential competitors are larger and have greater name recognition, longer operating histories, larger marketing budgets and significantly greater resources than the Resulting Issuer does.

With the introduction of new technologies and market entrants, the Resulting Issuer expects competition to continue to intensify in the future. If the Resulting Issuer fails to compete effectively, its business will be harmed. For these reasons, the Resulting Issuer may not be able to compete successfully against its current and future competitors.

Some of the Resulting Issuer's current and potential competitors have significantly greater resources and better competitive positions in certain markets than the Resulting Issuer does. These factors may allow the Resulting Issuer's competitors to respond more effectively than the Issuer to new or emerging technologies and changes in market requirements. The Resulting Issuer's competitors may develop products, features, or services that are similar to the Resulting Issuer or that achieve greater market acceptance, may undertake more far-reaching and successful product development efforts or marketing campaigns, or may adopt more aggressive pricing policies. Certain competitors could use strong or dominant positions in one or more markets to gain a competitive advantage against the Resulting Issuer. As a result, the Resulting Issuer's competitors may acquire and engage users at the expense of the growth or engagement of its user base, which may negatively affect the Resulting Issuer's business and financial results. The Resulting Issuer believes that its ability to compete effectively depends upon many factors both within and beyond the Resulting Issuer's control, including:

- the usefulness, ease of use, performance, and reliability of the Resulting Issuer's products and services compared to its competitors;
- customer service and support efforts;
- marketing and selling efforts;
- the Resulting Issuer's financial condition and results of operations;
- changes mandated by legislation, regulatory authorities, or litigation, some of which may have a disproportionate effect on the Resulting Issuer;
- acquisitions or consolidation within the Resulting Issuer's industry, which may result in more formidable competitors;
- the Resulting Issuer's ability to attract, retain, and motivate talented employees and consultants;
- the Resulting Issuer's ability to cost-effectively manage and grow its operations; and
- the Resulting Issuer's reputation and brand strength relative to that of its competitors.

The financial technology sector and start-up software technology businesses, given the market potential and innovation, are highly competitive. The Resulting Issuer has invested in technologies that will compete with numerous, well-established companies and individuals, including competitors with greater financial, technical and other resources than the Resulting Issuer or its subsidiaries, in the development and commercialization of financial software technologies. The ability of the Resulting Issuer to successfully develop financial technology assets in the future will depend not only on its ability to market its current Software and IP Portfolio, but also on its ability develop new intellectual property. There is no assurance that the Resulting Issuer will continue to be able to develop intellectual property that competes successfully with the development and deployment of potentially profitable financial software technologies.

Growth Risk

As new software technologies in Self-Sovereign Identity (SSI), Machine Learning and Natural Language Processing (ML/NLP), and blockchain become more widely available, the Resulting Issuer expects its Software and IP Portfolio to evolve. As a result, to stay current with the industry, the Resulting Issuer's business model may need to evolve as well. From time to time, the Resulting Issuer may modify aspects of its business model. The Resulting Issuer cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. The Resulting Issuer may not be able to manage growth effectively, which could damage the Resulting Issuer's reputation, limit the Resulting Issuer's growth and negatively affect its operating results.

Risks related to conflicts of interest

Certain of the directors and officers of the Resulting Issuer are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

In addition, certain directors may, from time to time, have positions or interests with ACX. For instance, Joshua Crumb is CEO and Chairman of the Resulting Issuer and a shareholder and director of ACX. In accordance with the ABCA, directors who have a material interest in any Person who is a party to a material contract or proposed material contract with the Resulting Issuer are required, subject to certain exemptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers of the Resulting Issuer are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer.

Political Regulatory Risks

Any changes in government policy may result in changes to laws affecting ownership of assets, monetary policies, taxation, rates of exchange, labour relations, repatriation of income and return of capital. This may affect both the Resulting Issuer's ability to develop intellectual property and assist in the commercialization of ACX. The possibility that future governments may adopt substantially different policies, which might extend to expropriation of intellectual property, cannot be ruled out.

Currency Risk

The Resulting Issuer's operations and revenue will be incurred primarily in US Dollars and Singapore Dollars, and its readily accessible market to raise future financing is in Canadian dollars. Depending on whether the Resulting Issuer operates profitably, currency fluctuations may affect future cash flow which the Resulting Issuer may realize. The Resulting Issuer may have financial risk exposure to varying degrees relating to the currency risk and volatility of each of the countries in which it operates. If income is generated in currency besides the US Dollar, Singapore Dollar or Canadian Dollar, there may be a material adverse effect on the Resulting Issuer's revenue.

Contractual Risk

The Resulting Issuer is a party to various contracts essential to the execution of its stated business objectives of licensing intellectual property and commercializing ACX and it is always possible that the other contracting parties may not fully perform their obligations. Any dereliction of contractual duties could and may have a material adverse effect on the Resulting Issuer's ability to generate revenue.

Profitability

There is no assurance that the Resulting Issuer will earn profits in the future, or that profitability will be sustained. There is no assurance that future revenues will be sufficient to generate the funds required to continue the Resulting Issuer's operations, portfolio, and marketing activities. If the Resulting Issuer does not have sufficient capital to fund the development and maintenance of its Software and IP Portfolio or the commercialization of ACX, it may be required dispose of certain assets, reduce its marketing efforts or forego certain business development strategies, which could adversely affect an investment in the Resulting Issuer.

Risks related to value of securities.

The value of the Resulting Issuer's Shares may be reduced for a number of reasons, many of which are outside the control of the Resulting Issuer, including:

- general economic and political conditions in Canada, the United States and globally;
- governmental regulation of digital commodity assets technology and exchange and marketplace industries;
- failure to subdue the COVID-19 pandemic;
- failure to achieve desired outcomes by the Resulting Issuer;

- failure to obtain industry partner and other third-party consents and approvals, when required;
- stock market volatility and market conditions;
- competition for, among other things, capital, and skilled personnel;
- the need to obtain required approvals from regulatory authorities;
- revenue and operating results failing to meet expectations in any particular period;
- investor perception of the financial technology sector and exchange and marketplace industries;
- limited trading volume of the Resulting Issuer Shares;
- announcements relating to the Resulting Issuer's business or the businesses of the Resulting Issuer's competitor's; and
- the Resulting Issuer's ability or inability to raise additional funds.

Tax Amendment Risk

Legislation may be proposed, both in domestically and internationally, that could add a transaction tax or change the way market participants are taxed. If such proposals were to become law, they could have a negative impact on the securities industry and on the value of the Resulting Issuer.

In addition to proposed tax changes that could affect market participants, changes in tax laws, regulations or policies against corporations could result in the Resulting Issuer paying higher taxes, which would in turn reduce net income.

Litigation Risks

The Resulting Issuer and/or its directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. From time to time in the ordinary course of its business, the Resulting Issuer may become involved in various legal proceedings, including commercial, employment and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. If the Resulting Issuer is unable to resolve these disputes favourably, it may have a material and adverse effect on the financial performance of the Resulting Issuer. Even if the Resulting Issuer is involved in litigation and wins, such matters can be time-consuming, divert management's attention and resources and cause the Resulting Issuer to incur significant expenses. Litigation may also create a negative perception of the Resulting Issuer's brand. Securities litigation as well as potential future proceedings could result in substantial costs and damages and divert the Resulting Issuer's management's attention and resources. Any decision resulting from any such litigation that is adverse to the Resulting Issuer could have a negative impact on the Resulting Issuer's financial position.

Going Concern Risk

Abaxx'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 Resulting Issuer's future operations dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable investments at an indeterminate time in the future. There can be no assurance that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

Economic environment and global economic risk

The Resulting Issuer's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact the Resulting Issuer's sales and profitability.

Any economic slowdown and downturn of global capital markets could make the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. These factors may impact the Resulting Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Resulting Issuer. If uncertain market conditions persist, the Resulting Issuer's ability to raise capital could be jeopardized, which could have an adverse impact on the Resulting Issuer's operations and the trading price of the Resulting Issuer's Shares on the stock exchange.

Market for Securities

There can be no assurance that, upon completion of the proposed Transaction, an active trading market in the Resulting Issuer Share will be established and sustained. The market price for the Resulting Issuer Shares could be subject to wide fluctuations. Factors such as government regulation, interest rates, share price movements of the Resulting Issuer's peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the securities of the Resulting Issuer.

Third Party Risk

In order to grow its business, the Resulting Issuer anticipates that it will continue to depend on relationships with third parties, such as alliance partners, distributors, system integrators and developers. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. The Resulting Issuer's competitors may be more effective in providing incentives to third parties to favour their products or services, or to prevent or reduce subscriptions to the services offered by subsidiaries of the Resulting Issuer. In addition, acquisitions of the Resulting Issuer's partners by its competitors could result in a decrease in the number of current and potential customers, as its partners may no longer facilitate the adoption of the Resulting Issuer's technology by potential customers.

If the Resulting Issuer is unsuccessful in establishing or maintaining its relationships with third parties, its ability to compete in the marketplace or to grow its revenue could be impaired, and its operating results, and ultimately, the Resulting Issuer's operating results, may suffer. Even if the Resulting Issuer is successful in retaining third party relationships, the Resulting Issuer cannot assure investors that these relationships will result in increased revenue or profitability for the Resulting Issuer. Furthermore, if the Resulting Issuer's partners fail to perform as expected, the reputation of the Resulting Issuer and its subsidiaries may be harmed, and its business and operating results could be adversely affected, and ultimately, the Resulting Issuer may have to write-off certain assets.

Clearinghouse Risk

ACX expects to operate a clearinghouse operation as part of operating an exchange business utilizing its proprietary settlement and clearing technologies. Such a clearinghouse operation exposes the Resulting Issuer's profitability to counterparties with differing risk profiles. ACX will need to guarantee transactions submitted by clearing firms with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional customers. ACX and ultimately the Resulting Issuer, could be adversely impacted by the financial distress or failure of one or more of its clearing firms.

Moreover, a substantial part of the working capital of ACX and other subsidiaries of the Resulting Issuer may be at risk if a clearing firm defaults on its obligations to the clearinghouse and its margin and guaranty fund deposits are insufficient to meet its obligations. Although ACX has risk mitigation policies and procedures to help ensure that clearing firms can meet their obligations, these policies and procedures may not succeed in detecting problems or preventing defaults. The Resulting Issuer cannot assure that these measures will be sufficient to protect market participants from a default or that they will be sufficient to protect the Resulting Issuer from being adversely affected in the event of such a default.

To become a clearing member, a firm must meet certain minimum capital requirements and must deposit collateral to meet performance bond and guaranty fund requirements. ACX, in particular, may accept a variety of collateral to satisfy these requirements, including cash, regulated money market mutual funds, Sovereign Treasury securities, Sovereign Government Agency securities, letters of credit, gold, equities, and foreign sovereign debt, and subject them to established discounts based on the type of collateral and maturity. ACX does not currently have access to SGD 10,000,000, the minimum capital requirement for ACHs. In the event ACX cannot satisfy the minimum capital requirements for ACHs imposed by MAS, ACX intends to subcontract the clearinghouse component of its strategy to

a regulated third-party. See “Part III – Information Concerning the Target Company – Abaxx Exchange and Clearing (ACX) Business Model – Highly-Regulation Industry” for more information.

If and when ACX obtains financing to provide the minimum capital requirements for an ACH, there is no guarantee the collateral will maintain its value. To the extent a clearing firm is not compliant with capital, margin or guaranty fund requirements, it would be required to promptly come into compliance by adding capital or collateral, decreasing its proprietary trading activity and/or transferring customer accounts to another clearing firm. These actions could result in a decrease in trading activity on ACX, or any other exchange operated by a subsidiary of the Resulting Issuer, and in turn provide a negative adverse effect on the Resulting Issuer’s revenues.

Inadequacy of Risk Management Procedures

In the normal course of ACX’s business, matters are discussed with regulators during regulatory examinations, or ACX may otherwise become subject to their inquiry and oversight. The Monetary Authority of Singapore (“MAS”) has broad enforcement powers to censure, fine, issue cease-and-desist orders, prohibit ACX from operating as a recognized exchange, or suspend or revoke its designation as an approved exchange. ACX’s ability to comply with applicable laws and rules is largely dependent on the establishment and maintenance of compliance, review and reporting systems, as well as its ability to attract and retain qualified compliance and other risk management personnel. ACX faces the risk of significant intervention by regulatory authorities, including extensive examination and surveillance activity. In the case of alleged non-compliance with applicable laws or regulations, ACX could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages, which could be significant. Any of these outcomes may adversely affect the Resulting Issuer’s reputation, financial condition and operating results. In extreme cases, these outcomes could adversely affect ACX’s ability to operate, and ultimately, may adversely affect the potential revenues to the Resulting Issuer.

ACX’s policies and procedures to identify, monitor, and manage its risks may not be fully effective. Some of ACX’s risk management methods depend upon evaluation of information regarding markets, customers or other matters that are publicly available or otherwise accessible by ACX. That information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, financial, legal, regulatory and strategic risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. The Resulting Issuer cannot assure investors that ACX’s policies and procedures will always be effective or they will always be successful in monitoring or evaluating the risks to which ACX may be exposed.

Malicious Actor Risk

There have been a number of highly publicized cases involving fraud or other misconduct by employees of financial services firms in recent years. Misconduct by employees of the Resulting Issuer or its subsidiaries and/or agents could include hiding unauthorized activities, improper or unauthorized activities on behalf of customers or improper use or unauthorized disclosure of confidential information. Misconduct could subject the Resulting Issuer or its subsidiaries to financial losses or regulatory sanctions and seriously harm its reputation. It is not always possible to deter misconduct, and the precautions the Resulting Issuer takes to prevent and detect this activity may not be effective in all cases. The employees and agents of the Resulting Issuer or its subsidiaries may commit errors that could subject it to financial claims for negligence, as well as regulatory actions, which may impact the value of the Resulting Issuer.

Third-party Software License Risk

ACX currently licenses software that provides the technological framework to its business objectives. The Resulting Issuer anticipates that ACX may continue to rely on such third-party software and development tools in the future. Although the Resulting Issuer believes that there are commercially reasonable alternatives to the third-party software that ACX currently licenses, this may not always be the case, or it may be difficult or costly to replace. In addition, integration of the software used in technology licensed by the Resulting Issuer or services offered by ACX with new third-party software may require significant work and require substantial investment of the Resulting Issuer’s time and resources. Also, to the extent that the Resulting Issuer’s technology or ACX’s services depend upon the successful operation of third-party software in conjunction with its own software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of the Resulting Issuer’s technology or ACX’s services, delay new services introductions, result in a failure of the Resulting Issuer’s technology or ACX’s services, and injure the Resulting Issuer ACX’s reputation which could adversely affect the value of the Resulting Issuer. The

Resulting Issuer's or its subsidiaries' use of additional or alternative third-party software would require the entering into of additional license agreements with third parties, which may or may not be on favourable terms to the Resulting Issuer or ACX.

Competitive Risks for Abaxx Tech

The success of the Resulting Issuer's and its subsidiaries' business depends, in part, on the ability of their technology to create interactive electronic marketplaces that have the required functionality, performance, capacity, reliability and speed to attract and retain customers. The electronic trading platform and financial messaging marketplaces continues to be competitive, and accordingly, Abaxx Tech will be subject to risks, expenses and uncertainties that are typically encountered in a rapidly evolving market. Certain risks to Abaxx Tech include the failure or inability to:

- provide reliable and cost-effective services to its customers;
- develop, in a timely manner, the required functionality to support electronic trading in a manner that is competitive with the functionality supported by other electronic markets;
- match fees of its competitors;
- respond to technological developments or service offerings by its competitors; and
- generate sufficient revenue to justify the substantial capital investment it has made and will continue to make to enhance its electronic trading platform.

If Abaxx Tech does not develop and enhance their electronic trading systems, or are unable to develop electronic trading systems that incorporate other products and markets or if those electronic trading system do not have the required functionality, performance, capacity, reliability, and speed desired by its customers, then either Abaxx Tech's ability to successfully compete and its revenue and profits will be adversely affected.

To facilitate any interactive electronic marketplace utilizing Abaxx's proprietary applications, Abaxx Tech may also have to rely on any potential client's ability to have the necessary back office functionality to support their technology. To the extent the customers of Abaxx Tech are not prepared and/or lack the resources or infrastructure, the success of Abaxx Tech may be compromised, which may have a material adverse effect on the Resulting Issuer's revenues and performance.

Competitive Risks for ACX

The commodity futures exchange industry continues to be highly competitive with several large global competitors, and accordingly, ACX will be subject to risks, expenses and uncertainties that are typically encountered in a rapidly evolving market. Certain risks to ACX include the failure or inability to:

- provide reliable and cost-effective services to its customers;
- develop, in a timely manner, the required functionality to support electronic trading in its key products in a manner that is competitive with the functionality supported by other electronic markets;
- match fees of its competitors;
- attract independent software vendors to write front-end software that will effectively access its electronic trading system and automated order routing system;
- respond to technological developments or service offerings by its competitors; and
- generate sufficient revenue to justify the substantial capital investment it has made and will continue to make to enhance its electronic trading platform.

System Failure Risk

ACX will be heavily dependent on the capacity, reliability and security of the computer and communications systems and software supporting their operations. The operation of interactive electronic trading marketplaces by ACX will require the receipt of all trade order information via electronic means, through either public and private communication networks. If ACX's network, or its third-party providers, fail or operate slowly, one of the following may occur:

- unanticipated disruptions in service to its customers;
- slower response times;
- delays in customers' trade execution;
- failed settlement of trades;
- incomplete or inaccurate accounting, recording or processing of trades;
- financial losses;
- security breaches;
- litigation or other customer claims;
- loss of customers; and
- regulatory sanctions.

The Resulting Issuer cannot assure that the customers of ACX will not experience system failures from power or telecommunication failure, acts of God, war or terrorism, human error, natural disasters, pandemics, fire, sabotage, hardware or software malfunctions or defects, computer viruses, acts of vandalism or similar occurrences. If the systems of ACX do not operate properly, are compromised or are disabled, including as a result of a system failure, employee or customer error or misuse of its systems, the financial performance of the Resulting Issuer could be materially affected.

The expansion or development of the business, including through acquisitions, increased product offerings or other strategic growth opportunities, may cause disruptions in the Resulting Issuer's business, which may have an adverse effect on the Resulting Issuer's business, operations or financial results.

The Resulting Issuer may seek to expand and develop its business, including through acquisitions, increased product offerings, or other strategic growth opportunities. In the ordinary course of business, the Resulting Issuer may review, analyze, and evaluate various potential transactions or other activities in which it may engage. Such transactions or activities could cause disruptions in, increase risk or otherwise negatively impact its business. Among other things, such transactions and activities may:

- disrupt the Resulting Issuer's business relationships with its customers, depending on the nature of or counterparty to such transactions and activities;
- direct the time or attention of management away from other business operations;
- fail to achieve revenue or margin targets, operational synergies or other benefits contemplated;
- increase operational risk or volatility in the Resulting Issuer's business; and/or
- result in current or prospective employees experiencing uncertainty about their future roles with the Resulting Issuer, which might adversely affect the Resulting Issuer's ability to retain or attract key managers or other employees.

Security Threats

The infrastructure of ACX may be vulnerable to damage, disruptions, or shutdowns due to unauthorized access, computer viruses, cyber-attacks, and other security breaches. An attack attempt or security breach could potentially result in interruption or cessation of certain of the ACX services to its customers, an inability to meet expected levels of service, or compromise the data transmitted over customers' networks. The Resulting Issuer cannot guarantee that security measures will not be circumvented, resulting in customer network failures, data breaches or interruptions that could impact their customers' network availability and have a material adverse effect on their business, financial condition, or operational results.

ACX (or any other subsidiaries of the Resulting Issuer that may operate a marketplace exchange) may be required to expend significant resources to protect against or recover from such threats. If an actual or perceived breach of security systems occur, the market perception of the effectiveness of their security measures could be harmed, and ACX (or any other subsidiaries of the Resulting Issuer that may operate a marketplace exchange) may lose customers in the event of such a breach. Further, the perpetrators of cyber-attacks are not restricted to particular groups or persons. These attacks may be committed by employees, contractors, or external actors operating from any geography. Any such event could result in legal claims or penalties, disruption in operations, misappropriation of sensitive data, damage to the reputation of ACX (or any other subsidiaries of the Resulting Issuer that may operate a marketplace exchange), lead to negative market perception, or costly response measures, which could adversely affect the value of the Resulting Issuer.

Limited Management Experience

Although the Abaxx Directors and Executives have breadth and depth building these types of companies, the management teams of certain subsidiaries of the Resulting Issuer may have a limited history of past performance in managing marketplaces or software technology companies, and the past performances of management in other positions are no indication of their ability to successfully manage a start-up company. If the experience of management is inadequate or unsuitable to manage a subsidiary of the Resulting Issuer, operations may be adversely affected, which may negatively impact the value of the Resulting Issuer.

Reliance on Management and Key Personnel

The Resulting Issuer and subsidiaries thereof have small senior management groups, which are expected to be sufficient in the short-term given the contemplated level of business activity. The Resulting Issuer's future growth and its ability to develop depends, to a significant extent, on its ability to attract, train, and retain highly qualified personnel. The Resulting Issuer and its subsidiaries will rely on a limited number of key employees, consultants and members of senior management and there is no assurance that the Resulting Issuer or its subsidiaries will be able to retain such key employees, consultants, and senior management. The loss of one or more of such key employees, consultants, or members of senior management, if not replaced, could have a material adverse effect on the Resulting Issuer's business, financial condition and prospects, which may negatively impact the value of the Resulting Issuer.

To operate successfully and manage its potential future growth, the Resulting Issuer must attract, train, and retain highly qualified managerial, financial, and technological personnel. The Resulting Issuer is expected to face fierce competition in the exchange and marketplace technology industry. If the Resulting Issuer is unable to hire and retain additional qualified personnel in the future to develop its business, then its financial condition and operating results could be adversely affected, which may negatively impact the value of the Resulting Issuer's investments.

The Resulting Issuer does not plan to maintain, key-person insurance on the lives of any of their key personnel. Without key person insurance, the Resulting Issuer may not have the financial resources to develop or maintain its business until those individuals are replaced.

Software Development Risk

ACX's services rely on software developed and maintained by third-party software vendors. ACX also expects that it may incorporate software from third-party vendors and open source software in its future services. ACX's business may be disrupted if this software, or functional equivalents of this software, were either no longer available to ACX or no longer offered to it on commercially reasonable terms. In either instance, ACX would either be required to redesign services to function with alternate third-party software or open source software, or ACX may need to develop

these components itself, which could result in increased costs and could result in delays in providing future services; furthermore, ACX might be forced to limit the features available in its current or future services, which may affect ACX's ability to execute on its business plan, which may materially adversely affect the value of the Resulting Issuer.

Undetected Error Risk

The Resulting Issuer's intellectual property and software suite are highly technical, and if contain undetected errors, the business of a Resulting Issuer could be adversely affected. It is possible that the Resulting Issuer's technology may now or in the future contain undetected errors, bugs or vulnerabilities. Some errors in software code may only be discovered after the code has been released. Any errors, bugs or vulnerabilities in code developed by the Resulting Issuer or its subsidiaries and discovered after release could result in damage to the Resulting Issuer's reputation, loss of clients, loss of revenue, or liability for damages, any of which could adversely affect the Resulting Issuer's Software and IP Portfolio and financial results. Several intellectual property applications are "pending" status and have not yet been examined by the USPTO or other global sovereign patent examiners. There is no assurance that the applications will be approved. There is no assurance that the development of software using the Resulting Issuer's intellectual property will result in commercially viable software for customers.

Risk of Technological Change

To remain competitive, the Resulting Issuer must continue to enhance and improve the responsiveness, functionality and features of its software technology and intellectual property. The Internet and the electronic commerce industry are characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Resulting Issuer's existing operations and proprietary technology and systems obsolete. There can be no assurance the Resulting Issuer will successfully implement new technologies and transaction processing systems to meet industry standards and if unable to adapt in a timely matter, the business of the Resulting Issuer could be materially affected.

The ability of the Resulting Issuer and its subsidiaries to effectively use the information generated by their information technology systems, as well as their success in implementing new systems and upgrades, may affect their ability to: conduct business with their clients, including delivering services and solutions; manage their inventory and accounts receivable; purchase, sell, ship and invoice their products and services efficiently and on a timely basis; and maintain their cost-efficient operation model while expanding their business in revenue and in scale. The failure of the Resulting Issuer or its subsidiaries to use, maintain and update proper technological systems may negatively impact the value of the Resulting Issuer.

There can be no assurance that new and unforeseeable technology, either hardware-based or software-based, will not disrupt the existing state of technology and that the existing technology of the Resulting Issuer will not become obsolete.

Dependence of Technical Infrastructure

The ability for the Resulting Issuer or ACX to attract, retain and serve customers is dependent upon the reliable performance of their technology, including software platforms, and the underlying technical infrastructure. It is possible that Abaxx Tech or ACX may fail to effectively scale and grow its technical infrastructure to accommodate increased demands. In addition, the success of the Resulting Issuer will likely be reliant upon third party partners such as financial service providers, clearing and settlement organizations, telephone companies, on-line service providers, data processors, and software and hardware vendors. Any disruption or failure in the services the Resulting Issuer or any of its subsidiaries receive from third party partners used to facilitate its business could harm the Resulting Issuer's business, and consequently, may adversely affect the value of the Resulting Issuer. Any financial or other difficulties these partners face may adversely affect the Resulting Issuer's business, and the Resulting Issuer or its subsidiaries exercise little control over these partners, which increases vulnerability to problems with the services they provide.

Use and Storage of Personal Information and Compliance with Privacy Laws

The Resulting Issuer through ACX may receive, store and process personal information and other customer data including, addresses, telephone numbers, images of government identification, and information relating to financial transactions. As a result, the Resulting Issuer and each subsidiary thereof must comply with the applicable federal,

state, and local laws of the relevant jurisdiction relating to the collection, use, disclosure, storage, and safeguarding of personal information. Any failure or perceived failure by a subsidiary of the Resulting Issuer to comply with its privacy policies, privacy-related obligations to customers or other third parties, privacy-related legal obligations, or any compromise of security that results in the unauthorized release or transfer of personally identifiable information or other customer data, may result in governmental enforcement actions, fines, or litigation, which could adversely affect the value of the Resulting Issuer.

Slow Acceptance of Products

The marketplace may be slow to accept or understand the significance of the Resulting Issuer's or Abaxx Tech's technology due to their unique nature and the competitive landscape. If the Resulting Issuer is unable to promote, market and licence its Software and IP Portfolio and secure relationships with strategic partners, the Resulting Issuer's business and financial condition will be adversely affected.

PART I – THE TRANSACTION

Details of the Transaction

On September 18, 2020, the Issuer and Abaxx entered into the Definitive Agreement pursuant to which the Issuer agreed to acquire indirectly all of the issued and outstanding Abaxx Securities in exchange for equivalent securities in the Resulting Issuer, as applicable, in accordance with the Exchange Ratio. Pursuant to the Definitive Agreement, the Transaction was effected by way of Arrangement under the Plan of Arrangement.

Immediately following completion of the Tata Restructuring, the Issuer effected the Share Consolidation that resulted in 11.1 million of Issuer Shares being issued and outstanding before the issuance of Resulting Issuer Shares to Abaxx Shareholders under the Transaction. Following the Share Consolidation, the Issuer and Abaxx completed the Transaction, under which Abaxx amalgamated in accordance with the Plan of Arrangement and pursuant to the Definitive Agreement with a wholly-owned subsidiary of the Issuer, Subco, under the CBCA and the Resulting Issuer Securities were issued to holders of Abaxx securities. On Closing, the Issuer filed articles of amendment and changed its name to “Abaxx Technologies Inc.”

The deemed issue price of Issuer Shares issued to Abaxx Shareholders is approximately \$0.99 per post-Consolidation Issuer Share (or \$0.08 pre-Consolidation Issuer Share), which represents a 27% premium to the closing price on the TSX of Issuer Shares before announcement of the Transaction. The deemed issue price implies an Abaxx share price of \$0.80 and equity value of \$50.7 million, including the conversion of the Abaxx Convertible Debenture Convertible, Abaxx’s completed Pre-Listing Abaxx Financing which closed on September 11, 2020, and conversion of 2,830,000 outstanding Abaxx Preference Shares that automatically converted into Abaxx Common Shares immediately before Closing.

The Issuer, a TSX-listed company, automatically delisted from the TSX at the close of trading on December 14, 2020. It is anticipated the Resulting Issuer Shares will be listed on the NEO Exchange.

The respective obligations of the Issuer and Abaxx to complete the Transaction were subject to the satisfaction, of certain conditions precedent, including the completion of the Tata Restructuring.

The Business Combination

Prior to the Effective Time, the Issuer filed articles of amendment under the ABCA to give effect to the Share Consolidation and to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or advisable to complete the Share Consolidation. Upon completion of the Share Consolidation, all Abaxx Shareholders as at Closing exchanged their Abaxx Common Shares at a ratio of one (1.000) Abaxx Common Share for 0.809 post-Share Consolidation Resulting Issuer Shares at the deemed issue price of \$0.99 per Resulting Issuer Share. Each holder of Abaxx Options received 0.809 Resulting Issuer Options for each Abaxx Option held immediately prior to the Effective Date. Each holder of Abaxx Warrants received 0.203 Resulting Issuer Shares for each Abaxx Warrant held immediately prior to the Effective Time.

Pursuant to the Business Combination, the following events occurred sequentially, as set out below without any further authorizations, act or formality, in each case, unless stated otherwise, effective as at five-minute intervals starting at the Effective Time:

- (a) each Abaxx Preference Share outstanding immediately prior to the Effective Time converted into Abaxx Common Shares in accordance with the terms of the Abaxx Preference Shares;
- (b) the principal sum and all accrued unpaid interest outstanding of the Abaxx Convertible Debentures immediately prior to the Effective Time converted into 8,316,027 Abaxx Common Shares at the Conversion Price;
- (c) each Abaxx Warrant outstanding immediately prior to the Effective Time was exchanged for Resulting Issuer Shares in accordance with the Exchange Ratio.

- (d) each Abaxx Option outstanding immediately prior to the Effective Time was exchanged for Resulting Issuer Options, in accordance with the Exchange Ratio, with each such Resulting Issuer Option being exercisable into Resulting Issuer Shares on the same terms and conditions as the original outstanding Abaxx Options (subject to the terms and conditions of the Issuer SOP);
- (e) Abaxx and Subco amalgamated and continued as one corporation under the provisions of the CBCA on the following terms and on such other terms as prescribed in the Definitive Agreement:
 - a. The name of Amalco is “Abaxx Technologies Holdco Inc.”;
 - b. Amalco shall be authorized to issue an unlimited number of common shares without par value;
 - c. The registered office of Amalco shall be located at the registered office of the Issuer immediately prior to the Effective Time;
 - d. There shall be no restrictions on the business Amalco may carry on, or on the powers it may exercise;
 - e. The directors of Amalco shall, until otherwise changed in accordance with the CBCA, consist of a minimum number of one and a maximum number of ten;
 - f. The first director of Amalco shall be Joshua Crumb, and such person shall hold office until the first annual or general meeting of shareholders of the Amalco or until his successor is duly appointed or elected. The management and operation of the business and affairs of Amalco shall be under the control of the board of directors as it is constituted from time to time;
 - g. The by-laws of Amalco shall be the same as those of Abaxx, *mutatis mutandis*;
 - h. The separate existence of Subco and Abaxx shall cease without either Subco or Abaxx being liquidated or wound up and the Business Combination of Subco and Abaxx and their continuance as one corporation shall be effective;
 - i. The property of Subco and Abaxx shall continue to be the property of Amalco;
 - j. Amalco shall continue to be liable for the obligations of each of Abaxx and Subco;
 - k. Any existing causes of action, claim or liability to prosecution shall be unaffected;
 - l. Any civil, criminal or administrative action or proceeding pending by or against each of Subco and Abaxx may continue to be prosecuted by or against each of Subco and Abaxx;
 - m. Any conviction against, or ruling, or order or judgment in favour of or against either Subco or Abaxx may be enforced by or against Amalco;
 - n. On, and because of, the Business Combination, each common share of Subco was exchanged (free and clear of all encumbrances) for one common share of Amalco, each Abaxx Common Share was exchanged (free and clear of all encumbrances) for one common share of the Issuer and all of the Abaxx Common Shares and issued shares of Subco was automatically cancelled and no other consideration shall be delivered in exchange therefor;
 - o. Immediately after the Business Combination, Amalco added an amount to the stated capital maintained in respect of the Amalco common shares such that the stated capital of Amalco common shares is equal to the aggregate stated capital of Subco common shares and Abaxx Common Shares for the purposes of the Tax Act immediately prior to the share exchange described in item (n) above;
 - p. The Articles of Arrangement, as applicable, are the deemed articles of incorporation of Amalco and the Certificate of Arrangement, as applicable, is deemed the certificate of incorporation of Amalco; and

- q. The Resulting Issuer added an amount to the stated capital maintained in respect of the Resulting Issuer Shares equal to the aggregate stated capital of the Abaxx Common Shares for the purposes of the Tax Act immediately prior to the share exchange described in item (n) above.

Although the Transaction resulted in Abaxx becoming a wholly-owned subsidiary of the Issuer, the Transaction constituted a reverse takeover of the Issuer in as much as the former Abaxx Shareholders now own a substantial majority of the Resulting Issuer Shares. Upon Closing, the former Abaxx Shareholders and Abaxx Warrantholders hold 81.8% of the outstanding Resulting Issuer Shares on a non-diluted basis and the Issuer Shareholders hold approximately 17.5% of the Resulting Issuer Shares on a non-diluted basis.

Upon Completion of the Transaction, the current business of Abaxx will be the business of the Resulting Issuer as a result of Abaxx becoming a wholly-owned subsidiary of the Resulting Issuer. See “*Part III – Information Concerning Abaxx – Narrative Description of Business*”.

The Completion of the Transaction contemplated by the Definitive Agreement is subject to certain conditions precedent, including but not limited to: (a) obtaining all necessary regulatory approvals, including Final NEO Approval, approvals from the TSX and Court approval of the Arrangement; (b) the approval by the Issuer Shareholders of the Issuer Transaction Resolution, the Issuer Reorganization Resolution and the Issuer Consolidation and Name Change Resolution; (c) the approval of the Abaxx Shareholders of the Arrangement Resolution; (d) completion of the Tata Restructuring; (e) completion of the Abaxx Debenture Conversion; (f) the entering into a shareholder agreement among the shareholders of ACX; (g) the conversion of all outstanding indebtedness under the ACX Convertible Debenture; and (h) other customary conditions. As of the date of this Disclosure Document, conditions (b) through (h) of the above have been satisfied or waived by the Parties. Completion of the Transaction remains subject to Final NEO Approval.

Effect of the Transaction

Immediately after the Effective Time but prior to the Completion of the Transaction:

- (a) the Resulting Issuer will carry on the business and activities of Abaxx;
- (b) there will be an aggregate of 63,558,062 Resulting Issuer Shares issued and outstanding;
- (c) the following convertible securities of the Resulting Issuer will be issued and outstanding: 5,578,534 Resulting Issuer Options, each exercisable to acquire a Resulting Issuer Share at a price ranging from \$0.49 to \$1.23 per Resulting Issuer Share;
- (d) former holders of Abaxx Warrants will hold an aggregate of 443,332 Resulting Issuer Warrants;
- (e) former Abaxx Shareholders and holders of Abaxx Warrants will hold an aggregate of approximately 51,981,539 Resulting Issuer Shares representing approximately 81.8% of the outstanding Resulting Issuer Shares on a non-diluted basis (and 74.7% on a fully diluted basis);
- (f) existing shareholders of the Issuer will hold an aggregate of 11,137,596 Resulting Issuer Shares representing approximately 17.5% of the outstanding Resulting Issuer Shares on a non-diluted basis (16.2% on a fully diluted basis);
- (g) the financial advisor to the Issuer will hold 438,927 Resulting Issuer Shares in connection with its engagement with the Issuer; and
- (h) the Resulting Issuer Board will be composed of Joshua Crumb (Chair), Thom McMahon, Margot Naudie, Catherine Flax, W. Scott Leckie and Daniel P. Owen.

Background of the Transaction

Prior to Closing and delisting from the TSX, the Issuer was a publicly traded company listed on the TSX and incorporated under the laws of Alberta. The Issuer was previously engaged in the exploration for, and the development and production of, iron ore deposits located in the Labrador Trough located in Newfoundland and Labrador.

Following the formation of a special board committee on December 18, 2018 to review new business opportunities aimed at diversifying the Issuer's iron ore and mining interests, on July 14, 2020, the Issuer and Abaxx signed a non-binding Letter of Intent to work towards a definitive agreement regarding a potential transaction that would combine the business of Abaxx and the Issuer. The negotiations were conducted at arm's length.

On July 15, 2020, the Issuer was advised by the TSX that the TSX was reviewing the eligibility of the Issuer's securities for continued listing on the TSX pursuant to Part VII of the TSX Policies. The Issuer was granted 120 days to comply with all requirements for continued listing on the TSX (the "**Remedial Review Process**"). The TSX provided the deadline of November 12, 2020 for the Issuer to satisfy all continued listing requirements, otherwise the TSX would delist the Issuer's securities. During the Remedial Review Process, the Issuer's securities were permitted to continue trading; however, the Issuer advised Issuer Shareholders that there would be no assurance that the Issuer would successfully regain compliance of TSX continued listing requirements within the Remedial Review Process or obtain an alternate listing on another exchange by that time.

On December 14, 2020, the Issuer was delisted from the TSX at the close of trading.

Prior to the Effective Time, the Issuer completed a reorganization of its relationship with the Tata Steel Group. On August 5, 2020, the Tata Steel Group and the Issuer entered into a Restructuring Agreement to complete the Tata Restructuring as follows:

- (1) The Issuer will sell and transfer its 4.32% interest in TSMC to TSMUK, representing its entire interest, or undertake a similar transaction with a similar effect;
- (2) The Issuer will purchase for cancellation the 47,402,908 Issuer Shares held by TSGMH, representing TSGMH's entire interest, or undertake a similar transaction with a similar effect, following which TSGMH will own no Issuer Shares;
- (3) The Issuer will retain its interests in the LabMag and KéMag properties (the "**Taconite Properties**"), and TSGMH will be granted 1.0% gross revenue royalty on the Taconite Properties, which may be further reduced to 0.5% gross revenue royalty upon cash payment of an agreed upon amount to TSGMH exercisable at any time upon a 30 calendar days' prior written notice to TSGMH;
- (4) The heads of agreements dated September 24, 2008 and March 6, 2011 between TSGMH, the Issuer and LabMag Limited Partnership pertaining to the Taconite Properties will each be terminated; and
- (5) Subject to the obligations contained in the Restructuring Agreement, all outstanding payables between the Issuer, on the one hand, and the Tata Steel Group, on the other hand, will be settled between the parties and the parties will enter into a mutual release.

Following the Tata Restructuring, the Issuer had 133,651,238 Issuer Shares issued and outstanding.

On September 18, 2020, the Issuer and Abaxx entered into the Definitive Agreement which supersedes the Letter of Intent. Pursuant to the Definitive Agreement and subject to receipt of all requisite approvals, the Issuer indirectly acquired all of the issued and outstanding Abaxx Common Shares in exchange for the issuance of Resulting Issuer Shares in accordance with the Exchange Ratio pursuant to the Business Combination.

Reasons for the Transaction

Upon closing of the Tata Restructuring, if the Issuer failed to satisfy the continued listing requirements of the TSX during the Remedial Review Process, the Issuer would no longer have an active business nor a stock exchange listing. Accordingly, the Issuer identified and evaluated potential businesses in which a reverse takeover could be completed

and upon completion thereof, the Issuer would satisfy the continued listing requirements of a nationally recognized stock exchange.

Abaxx is a software technology company and commenced its current business operations in January 2018. Abaxx's primary focus is on developing its Software and IP Portfolio and developing ACX, a majority-owned subsidiary, to offer a specialized marketplace for the trading of energy and metals futures contracts using proprietary software and technology. Through engineering development and acquisitions, Abaxx has developed a Software and IP Portfolio relating to exchange and marketplace platforms that offer new digital solutions to reduce commercial inefficiencies in trade discovery, communication, execution, clearing, settlement and custody.

The terms of the Transaction were established through arm's length negotiations and therefore is not a Non-Arm's Length Transaction.

Definitive Agreement

The following is a summary of the material provisions of the Definitive Agreement. This description is not a complete description of the provisions of the Definitive Agreement and is qualified in its entirety by the Definitive Agreement, which is available for review under the Issuer's SEDAR profile at www.sedar.com.

General

The Definitive Agreement was entered into effective as of September 18, 2020. Pursuant to the Definitive Agreement, the Transaction was effected by way of a Business Combination, details of which, are described under the section entitled "*The Business Combination*" in this *Part I – The Transaction*.

Representations, Warranties and Covenants

The Definitive Agreement contains customary representations and warranties of each of the Issuer and Abaxx relating to, among other things, their respective organization, capitalization, qualification, operations, compliance with laws and regulations and other matters, including their authority to enter into the Definitive Agreement and to consummate the Transaction. Pursuant to the Definitive Agreement, the Parties agreed to advise each other of any Material Adverse Changes or Material Adverse Effects. Further, the Parties agreed to use their commercially reasonable efforts to obtain all regulatory and other consents, waivers and approvals required for the consummation of the Transaction.

In addition, pursuant to the Definitive Agreement, each of the parties covenanted, among other things, until the Completion of the Transaction, to maintain their respective businesses and not take certain actions outside of the ordinary course.

Conditions to the Transaction

The Definitive Agreement contains a number of conditions precedent to the obligations of the Issuer and Abaxx thereunder. Pursuant to the Definitive Agreements, unless all such conditions are satisfied or waived by the Party or Parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Transaction will not proceed. The conditions to the Transaction becoming effective as set out in the Definitive Agreement are summarized below:

Mutual Conditions

The respective obligations of the Issuer and Abaxx to complete the Transaction are subject to the fulfillment of the following conditions at or prior to the Effective Date, each of which may be waived with the written consent of the parties:

- (a) the NEO Exchange will have conditionally accepted the Transaction;
- (b) the Abaxx Shareholders will have approved the Arrangement Resolution;
- (c) the Issuer Shareholders will have approved the Issuer Transaction Resolution; the Issuer Reorganization Resolution and the Issuer Consolidation and Name Change Resolution;

- (d) the Issuer and Abaxx will have had a reasonable opportunity to approve of all documentation in connection with the filings with the NEO Exchange for acceptance of the Transaction;
- (e) the Issuer will have completed the Tata Restructuring; and
- (f) the Resulting Issuer Shares to be issued under the Definitive Agreement and the Resulting Issuer Shares exercisable upon exercise of the Resulting Issuer Options and Resulting Issuer Warrants outstanding as of the Effective Date, if any, will have been conditionally accepted for listing by the NEO Exchange, subject to the Issuer fulfilling the NEO Exchange's listing requirements.

Conditions to Obligations of the Issuer

The obligation of the Issuer to complete the Transaction is subject to the fulfillment by Abaxx of the following conditions at or prior to the Effective Date or such other time as is specified below:

- (a) Abaxx will have completed the Abaxx Debenture Conversion;
- (b) the Issuer will have completed its due diligence on all intellectual property matters relating to Abaxx, to the entire satisfaction of the Issuer;
- (c) Abaxx will have obtained the consent or approval of any parties from whom consent to the Transaction is required;
- (d) Abaxx will have entered into a shareholders agreement among the shareholders of ACX, in a form and substance mutually satisfactory to the Issuer and Abaxx;
- (e) the Issuer will have had a reasonable opportunity to review and approve of all material documentation in connection with the Transaction;
- (f) Abaxx will have provided the Issuer with certified copies of the resolutions passed by the board of directors of Abaxx approving the Definitive Agreement and matters related to the Transaction;
- (g) Abaxx will not have incurred any liabilities other than those reasonably incurred in connection with the Transaction and will have spent its cash on hand at the date of this Agreement exclusively (i) in the ordinary course of business; and (ii) for the purpose of completion the Transaction, which liabilities shall not exceed \$100,000; and
- (h) Abaxx shall have tabled such other deliverables as are customary for the Transaction.

Conditions to Obligations of Abaxx

The obligation of Abaxx to complete the Transaction is subject to the fulfillment by the Issuer of the following conditions at or prior to the Effective date or such other time as is specified below:

- (a) the Issuer will have obtained the consent or approval of any parties from whom consent of the Transaction is required, including the TSX;
- (b) the Issuer will have furnished Abaxx with certified copies of the resolutions passed by the board of directors of the Issuer approving the Definitive Agreement and matters related to the Transaction;
- (c) receipt of signed resignations and releases from all of the directors and officers of the Issuer effective as of the date of Closing, except for W. Scott Leckie and Daniel P. Owen; and
- (d) the Issuer shall have tabled such other deliverables as are customary for the Transaction.

Termination of Agreement

The Definitive Agreement may be terminated at any time prior to the Effective Date:

- (a) automatically without any further action by the Parties if the Issuer Shareholders do not approve the Issuer Reorganization Resolution;
- (b) by the Issuer if the Abaxx Shareholders do not approve the Arrangement Resolution by December 31, 2020;
- (c) by the Issuer if the NEO Exchange has not conditionally approved the Transaction, the listing of the Resulting Issuer Shares and this Disclosure Document, in each case by December 31, 2020;
- (d) by Abaxx if the Issuer Shareholders do not approve the Issuer Transaction Resolution by December 31, 2020;
- (e) by either the Issuer or Abaxx if the Effective Time does not occur on or before December 31, 2020, except that such right to terminate the Definitive Agreement will not be available to either party whose failure to fulfill any of its obligations under the Definitive Agreement has been the cause of, or resulting in, the failure of the Effective Time to occur by December 31, 2020;
- (f) by Abaxx, if (i) a Material Adverse Change in respect of the Issuer shall have occurred after the date of the Definitive Agreement; (ii) if the Issuer shall be in breach of any of its covenants, agreements or representations and warranties contained in the Definitive Agreement that would have a Material Adverse Effect on the Issuer or on the ability of the Issuer and Abaxx to consummate the transactions contemplated by the Definitive Agreement and the Issuer fails to cure such breach within five (5) business days after receipt of written notice thereof from Abaxx (except that no cure period shall be provided for a breach which by its nature cannot be cured); or (iii) the failure of the Issuer or Subco to complete any of the conditions precedent specified in the Definitive Agreement by December 31, 2020; and
- (g) by the Issuer, if (i) a Material Adverse Change in respect of Abaxx shall have occurred after the date of the Definitive Agreement; (ii) if Abaxx shall be in breach of any of its covenants, agreements or representations and warranties contained in the Definitive Agreement that would have a Material Adverse Effect on Abaxx or on the ability of the Issuer and Abaxx to consummate the transactions contemplated by the Definitive Agreement and Abaxx fails to cure such breach within five (5) business days after receipt of written notice thereof from the Issuer (except that no cure period shall be provided for a breach which by its nature cannot be cured); or (iii) the failure of Abaxx to complete any of the conditions precedent specified in the Definitive Agreement by December 31, 2020.

Procedure for the Transaction to Become Effective

Issuer Shareholder Approval

The Issuer Shareholders passed the Issuer Transaction Resolution at the Issuer Shareholders' Meeting.

At the Issuer Shareholder's Meeting, in addition to the appointment of the directors and auditors and receiving the 2018 and 2019 financial consolidated statements, the Issuer Shareholders passed resolutions approving: the Tata Restructuring, the reduction of the Issuer's stated capital, the Name Change and the Share Consolidation, the New Option Plan and RSU Plan in the form presented to the Issuer Shareholders for approval at the Issuer Shareholders' Meeting.

Abaxx Shareholder Approval

The Abaxx Shareholders passed the Arrangement Resolution at the Abaxx Shareholders' Meeting.

NEO Exchange Approval

Closing of the Business Combination was subject to the NEO Exchange conditionally approving the listing of the Resulting Issuer Shares on the NEO Exchange, with final approval of such listing and Completion of the Transaction to be subject to the Parties satisfying certain conditions as determined by the NEO Exchange.

The Completion of the Transaction will take place on the date that the NEO Exchange issues the Final NEO Approval or, if at a later date, the first day of trading of the Resulting Issuer Shares on the NEO Exchange.

Court Approval

Under the Plan of Arrangement, the Transaction was subject to the approval of the Court. On October 15, 2020, Abaxx was granted the Interim Order under the CBCA by the Court; which Interim Order, among other things, required Abaxx to hold the Abaxx Shareholders' Meeting to consider and vote upon the Arrangement. The Court granted the Final Order on November 23, 2020, having satisfied itself as to the procedural and substantive fairness of the terms and conditions of the Arrangement to all Abaxx Shareholders and holders of Abaxx Options and Abaxx Warrants who are entitled to receive the Resulting Issuer Shares, Resulting Issuer Options and Resulting Issuer Warrants, as applicable, pursuant to the Arrangement.

Ancillary Agreements

Pursuant to the terms of the Definitive Agreement, Principals of the Resulting Issuer entered into the Resulting Issuer Escrow Agreement, as discussed below. See "*Part IV - Information Concerning the Resulting Issuer – Escrowed Securities*".

Escrow Agreements

Concurrently with Closing, Principals of the Resulting Issuer holding more than 1% of Resulting Issuer Shares, including convertible securities exercisable into Resulting Issuer Shares, and the Escrow Agent entered into the Resulting Issuer Escrow Agreement, pursuant to which 11,061,529 Resulting Issuer Shares are held in escrow and released subject to the terms of the Resulting Issuer Escrow Agreement.

The release schedule for the Resulting Issuer Escrow Agreement is as follows:

- a. 25% of the Escrowed Securities will be released from escrow on the date of the Final NEO Approval;
- b. 33% of the remaining Escrowed Securities will be released from escrow on six-month anniversary of the Final NEO Approval;
- c. 50% of the remaining Escrowed Securities will be released from escrow on the one-year anniversary of the Final NEO Approval; and
- d. The remaining Escrowed Securities will be released on the eighteen-month anniversary of the Final NEO Approval.

See "*Part IV – Information Concerning the Resulting Issuer – Escrowed Securities*".

PART II – INFORMATION CONCERNING THE ISSUER

Information in this Part II is given as of the time which is immediately prior to the Effective Time.

Corporate Structure and Description of Business

Name and Incorporation of the Issuer

The Issuer was incorporated under the name “New Millennium Capital Corp.” under the laws of the Province of Alberta pursuant to the ABCA on August 8, 2003 and changed its name to “New Millennium Iron Corp.” on June 14, 2011. On November 10, 2003, the articles of incorporation were amended to remove the “private company” restrictions.

The address of the Issuer’s executive office is 1000 Sherbrooke Street West, Suite 1120, Montreal, Québec, H3A 3G4 and the Issuer’s registered and records office is 855, 2 Street Southwest, Suite 3500, Calgary, Alberta, T2P 4K1. The Issuer is a reporting issuer in Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland and Labrador. The Issuer Shares are listed on the TSX under the trading symbol “NML”.

The Issuer is a Canadian iron ore exploration, evaluation and development company with an extensive property position called the Millennium Iron Range (“**MIR**”) in Canada’s principal iron ore district, the Labrador Trough, straddling the Province of Newfoundland and Labrador and the Province of Quebec, in the Menihek Region around Schefferville, Quebec. The Issuer’s project areas are connected via a well-established, heavy-haul rail network to the Port of Sept-Îles, Quebec, where the Issuer has an interest in reserved shiploading capacity at a newly constructed wharf capable of servicing large, Panamax-class bulk carriers.

TSGMH, an affiliate of Tata, a global steel producer and industry leader, owns approximately 26.2% of the Issuer and is the Issuer’s largest shareholder.

The Issuer has a 4.32% interest in Tata Steel Minerals Canada Ltd. (“**TSMC**”), which is owner and operator of a direct shipping ore (“**DSO**”) project near Schefferville. The DSO project produces and ships sinter fines. Subsidiaries of Tata Steel and the Quebec Government’s financing arm, Investissement Québec, own 77.68% and 18% respectively of TSMC. The Issuer does not have representation on TSMC’s Board of Directors and relies on information provided by TSMC for the operating and financial performance of the DSO project.

Beyond TSMC, the Issuer offers further development potential through a group of long-life taconite properties capable of producing high quality pellets and pellet feed to service the requirements of steel makers with either blast furnace or direct reduced iron-making operations. Two of these deposits – LabMag and KéMag – were the subject of large-scale development feasibility studies carried out by the Issuer and Tata Steel and published in March 2014.

With these feasibility study results as a foundation and seven taconite properties now explored to a NI 43-101 compliant resource, the Issuer optimized its taconite development strategy through the design of a smaller market entry project called the NuTac Project, for which a NI 43-101 prefeasibility study was carried out and published in June 2016.

In the currently challenging market environment for new greenfield iron ore projects, the Issuer has implemented cash conservation measures, while protecting its mineral claims and iron ore development positioning. At the end of 2018, the Issuer announced the study with assistance from independent advisors of new business opportunities aimed at diversifying its iron ore and infrastructure interests.

General Development of Business

Three Year History

The following is a summary of the general development of the Issuer’s business over the three most recently completed financial years:

Year Ended December 31, 2017

a. NML Taconite Properties

No further exploration or development work was carried out in connection with the Issuer's NI 43-101 compliant NuTac and Taconite Project studies in 2017.

b. General Corporate Affairs

(i.) Liquidity Measures

Entering 2017, the Issuer accelerated the combination of cash conservation measures and new investment strategies aimed at eventually making the Issuer at a minimum cash flow neutral. These measures increasingly took effect as the year progressed, resulting in a significant reduction in the run rate for regular operations and an increase in the Issuer's investment income as reflected in the fourth quarter's financial results.

Along with lowering overhead, the Issuer took steps through which the level of exploration spending necessary to preserve the Issuer's mining claims could be strategically reduced without materially changing the Issuer's mineral resources.

(ii.) NML – PSI Contract

During the fourth quarter of 2017, NML resolved its previously reported dispute with the Sept-Îles Port Authority (“**PSI**”) in respect of the July 2012 contract (“**PSI Contract**”) to secure capacity at the new multi-user dock at Pointe Noire.

Under the Issuer's settlement with the PSI, which was announced on December 6, 2017, the Issuer, as a multi-user dock participant without shipping operations, could apply its previously advanced funds, coupled with a mechanism for adjusting reserved dock capacity over the contractual period, to satisfy its take-or-pay obligation under the PSI Contract and had no further funding requirements in respect of the take-or pay obligation. Upon the previously advanced funds being fully offset against the take-or pay obligation, the Issuer could reduce its reserved capacity proportionately based on the remaining term of the PSI Contract. In all other respects, the Issuer retained all its rights under the PSI Contract.

As a result of the PSI settlement, and in view of the low probability of the Issuer shipping prior to having fully applied the previously advanced funds to its take-or-pay obligation, the Issuer took an impairment on the Port-related asset as reflected in the Issuer's 2017 year-end financial statements.

(iii.) Corporate Governance

Changes to Issuer's Board of Directors in 2017 included the appointment in July of Mr. Mario Caron as Non-Executive Chairman, succeeding Mr. Howard Lutley, who announced prior to the Annual General Meeting that he would not be standing for re-election to the Board. Mr. Kevin Bullock also left the Board. At the Annual General Meeting, Mr. H. Dean Journeaux, a shareholder and previously an officer and a director of the Issuer, was elected to the seven-member Board.

(iv.) Change of Auditors

In December 2017, MNP SENCRL, SRL/LLP were appointed as auditors of the Issuer upon the resignation of Raymond Chabot Grant Thornton LLP, at the request of the Company. This change was in accordance with Part 4 of National Instrument 52-102 and posted on SEDAR.

c. TSMC's DSO Project

(i.) Operations

During the 2017 season, shipments of crushed and screened ore to China and Europe totaled approximately 2.2 million tonnes.

(ii.) Howse Deposit

TSMC continued to advance the environmental clearance process and First Nation consultations necessary to bring Howse into operation.

Year Ended December 31, 2018

a. NML Taconite Properties

No further exploration or development work was carried out in connection with the Issuer's NI 43-101 compliant NuTac and Taconite Project studies in 2018.

b. General Corporate Affairs

(i.) Liquidity Measures

The Issuer's previously implemented cash conservation measures and investment strategies increasingly took effect over the course of 2018, thereby stabilizing the Issuer's finances, while business priorities such as claims management, essential administration and regulatory matters continued to be successfully carried out by a small management team.

(ii.) Assignment of Portion of PSI Contract Capacity

On April 19, 2018, the Issuer announced that it had entered into agreements with PSI and Tacora Resources Inc. ("Tacora") under which a portion of the Company's multi-user wharf capacity would be sold to Tacora in conjunction with Tacora's planned re-start of the Scully Mine located near the town of Wabush, Newfoundland and Labrador. The agreements called for Tacora to purchase the rights to 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by the Issuer in the July 2012 contract with the PSI, along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract. The Issuer announced closing of the transaction on November 19, 2018.

Total consideration comprised \$4 million paid to the Issuer on the closing date and further payments to the Issuer of \$0.10 per tonne of iron ore shipped under the sold capacity over a 20-year period to commence from and after the date of Tacora's first shipment through the Port facilities.

Other than the reduction in the Issuer's annual wharf capacity to 8.5 million tonnes, there was no change to the Issuer's existing arrangements with the PSI regarding the rights and shipping rates related to the remaining reserved capacity and the Issuer would not be required to make any additional cash outlays to meet its take-or-pay obligation.

The multi-user wharf became operational in the first quarter of 2018, actively loading Capesize vessels for the seaborne iron ore market.

(iii.) Executive Change

On November 7, 2018, the Issuer announced the appointment of Robert P. Boisjoli as Chief Financial Officer, succeeding Mark Freedman, who had become a partner at Ernst & Young. Mr. Boisjoli is Managing Director of Atwater Financial Group and a Fellow Chartered Professional Accountant with over 30 years of operational and advisory experience, including in the mining sector. He is the founder of two companies, sits on the boards of directors of public and private companies where he is also the audit committee chairman.

(iv.) New Business Initiative

On December 18, 2018, the Issuer announced the study with assistance from independent advisors of new business opportunities aimed at diversifying its iron ore and infrastructure interests. In addition, a Special Committee of

independent directors was formed to assist management and the appointed advisors in reviewing opportunities and to make recommendations to the Board.

c. TSMC's DSO Project

During the 2018 season, shipments of crushed and screened ore to Asia and Europe totaled approximately 1.7 million metric tons (wet basis).

TSMC in early 2019 completed, its enclosed beneficiation plant that, when fully operational, will increase the DSO Project's scale while adding higher quality fines to the saleable product mix. Shipping activity from the plant is expected by mid-2019.

Year Ended December 31, 2019

a. NML Taconite Properties

No further exploration or development work was carried out in connection with the Issuer's NI 43-101 compliant NuTac and Taconite Project studies in 2019 or any of its properties.

b. General Corporate Affairs

(i.) Liquidity Measures

In 2019, the Issuer continued its cash conservation measures and investment strategies aimed at keeping the Issuer cash flow neutral. The Issuer's business priorities such as claims management, essential administration and regulatory matters are being successfully carried out by a small consulting management team.

(ii.) Assignment of Portion of PSI Contract Capacity

On November 19, 2018, the Issuer closed the previously announced transaction under which 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by the Issuer in the PSI Contract, along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract were sold to Tacora Resources Inc. ("Tacora"). Tacora is currently re-starting the Scully Mine located near the town of Wabush, Newfoundland and Labrador.

Total cash consideration of \$4 million was paid to the Issuer and further payments to the Issuer of \$0.10 per tonne of iron ore shipped under the sold capacity over a 20-year period through the Port facilities to commence from and after the date of Tacora's first shipment through the Port facilities.

Tacora began shipments of its iron ore concentrates during the quarter ended September 30, 2019. The Issuer has received royalty payments in accordance with the agreement between the Issuer and Tacora. The Tacora shipments of its iron ore continued in the fourth quarter and are expected to continue in 2021. The table below indicates the tonnage shipped for the year ended December 31, 2019.

Tacora Resources Inc. - Tonnage Shipped

Quarter	Gross weight (metric tons of iron ore)
Q3 2019	295,291
Q4 2019	622,112
Total	917,403

Other than the reduction in the Issuer's annual wharf capacity to 8.5 million tonnes, there is no change to the Issuer's existing arrangements with the PSI regarding the rights and shipping rates related to the remaining reserved capacity and the Company will not be required to make any additional cash outlays to meet its take-or-pay obligation.

(iii.) Executive Change

On March 26, 2019, the Issuer announced that Mr. Ernest Dempsey, Chief Executive Officer, is on a medical leave of absence. As a result, Mr. Mario Caron, Chairman of the Board, has been appointed as the acting Chief Executive Officer of the Issuer.

(iv.) New Business Initiative

On December 18, 2018, the Issuer announced the study, with assistance from independent advisors, of new business opportunities aimed at diversifying its iron ore and infrastructure interests. In addition, a Special Committee of independent directors was formed to assist management and the appointed advisors in reviewing opportunities and to make recommendations to the Board.

c. TSMC's DSO Project

During the 2019 season, shipments of crushed and screened ore to Europe totaled approximately 1.046 million metric tons (wet basis).

TSMC completed, in early 2019, its enclosed beneficiation plant that, when fully operational, will increase the DSO Project's scale while adding higher quality fines to the saleable product mix. Shipping activity from the plant commenced in mid-2019. The plant is currently in a startup mode.

The Transaction and Tata Restructuring

On July 14, 2020, the Issuer entered into a Letter of Intent with Abaxx whereby the Issuer, Subco, and Abaxx would enter into a three-cornered Business Combination, share exchange, plan of arrangement or such other transaction structure that would result in the acquisition of all the of the issued and outstanding Abaxx Common Shares, Abaxx Warrants and Abaxx Options by the Issuer.

On July 15, 2020, the Issuer was advised by the TSX that the TSX was reviewing the eligibility of the Issuer's securities for continued listing on the TSX pursuant to Part VII of the TSX Policies. The Issuer was granted 120 days to comply with all requirements for continued listing on the TSX (the "**Remedial Review Process**"). The TSX provided the deadline of November 12, 2020 for the Issuer to satisfy all continued listing requirements, otherwise the TSX would delist the Issuer's securities. During the Remedial Review Process, the Issuer's securities were permitted to continue trading; however, the Issuer advised Issuer Shareholders that there would be no assurance that the Issuer would successfully regain compliance of TSX continued listing requirements within the Remedial Review Process or obtain an alternate listing on another exchange by that time.

On August 5, 2020, the Issuer and the Tata Steel Group entered into the Reorganization Agreement whereby in consideration for the Issuer selling its ownership in TSMC to TSMUK, 47,402,908 Issuer Shares held TSGMH will

be cancelled and all outstanding indebtedness between the Tata Steel Group and the Issuer will be settled. The Issuer received Issuer Shareholder approval at the Issuer Shareholders' Meeting for the completion of the Tata Restructuring. See "*Part I – The Transaction – Background to the Transaction*".

On September 18, 2020, the Issuer entered into the Definitive Agreement with Abaxx, which supersedes the Letter of Intent. The Transaction will constitute a reverse takeover of the Issuer. The Definitive Agreement, as amended, is available under the Issuer's profile on SEDAR at www.sedar.com. See "*Part I – The Transaction – Definitive Agreement*".

Upon Completion of the Transaction, the Resulting Issuer will continue executing on Abaxx's business strategy of licensing its IP Portfolio and developing ACX.

Selected Financial Information and Management's Discussion and Analysis

Information from Inception

The table below sets forth selected financial data derived from:

1. The audited consolidated annual financial statements of the Issuer as at and for the financial year ended December 31, 2019, together with the notes thereto and the auditor's report thereon, which report is unmodified and contains an explanatory paragraph related to the Issuer's ability to continue as a going concern;
2. The audited consolidated annual financial statements of the Issuer as at and for the financial year ended December 31, 2018, together with the notes thereto and the auditor's report thereon, which report is unmodified and contains an explanatory paragraph related to the Issuer's ability to continue as a going concern;
3. The unaudited amended and restated consolidated interim financial statements of the Issuer as at and for the six months ended June 30, 2020, together with the notes thereto

(collectively, the "**Issuer Financial Statements**")

And this table should be read in conjunction with such financial statements.

	As at and for the six-month period ended June 30, 2020 ⁽¹⁾	As at and for the year ended December 31, 2019 ⁽¹⁾	As at and for the year ended December 31, 2018 ⁽¹⁾	As at and for the year ended December 31, 2017 ⁽¹⁾
Total Expenses	\$314,208	\$1,212,969	\$1,025,179	\$6,127,139
Total Assets	\$18,021,478	\$18,131,443	\$26,823,428	\$70,123,472
Total Liabilities	\$925,878	\$1,017,235	\$1,004,068	\$2,556,850

Notes:

- (1) Amounts derived from the consolidated financial statements as at June 30, 2020 and December 31, 2019, 2018 and 2017 and for the years then ended incorporated by reference in this Disclosure Document. Such amounts have not been restated to present the Tata Restructuring.

Management's Discussion and Analysis

The Issuer's management's discussion and analysis for the year ending December 31, 2019 and for the six-month period ended June 30, 2020 (collectively, the "**Issuer MD&As**") provide an analysis of the Issuer Financial Statements.

Certain information included in the Issuer MD&As is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*Cautionary Note Regarding Forward-Looking Statements*" and the forward-looking statement cautionary language included with such Issuer MD&A for further details.

The following documents are incorporated herein by reference:

1. the Issuer Financial Statements;
2. the Issuer MD&As;
3. the auditor's report dated March 25, 2020 in respect of the audited consolidated annual financial statements of the Issuer as at and for the financial year ended December 31, 2019; and
4. the auditor's report dated March 26, 2019 in respect of the audited consolidated annual financial statements of the Issuer as at and for the financial year ended December 31, 2018; and
5. the unaudited amended and restated consolidated interim financial statements of the Issuer for the three and six months ended June 30, 2020, together with the notes thereto.

Pro forma financial statements for the Resulting Issuer, after giving effect to the Transaction and Abaxx Debenture Conversion, are attached to this Disclosure Document as Schedule C.

Description of Securities

Issuer's Share Capital

The Issuer is authorized to issue an unlimited number of common shares without nominal or par value, of which, prior to the Share Consolidation and Tata Restructuring, 181,054,146 Issuer Shares are issued and outstanding as fully paid and non-assessable. The Issuer is also authorized to issue an unlimited number of preferred shares, issuable in series, of which no such preferred shares have been issued. As of the Effective Date, the Issuer has no outstanding Issuer Options and or Issuer Warrants.

Each Issuer Share carries one vote at all meetings of shareholders, carries the right to receive a proportionate share, on a per share basis, of the assets of the Issuer available for distribution in the event of a liquidation, dissolution, or winding-up of the Issuer and the right to receive any dividend if declared by the Issuer. There are no pre-emptive rights, conversion or exchange rights, sinking or purchase fund provisions, provisions affecting the issuance of additional Issuer Shares, or provisions requiring shareholders to make additional capital contributions.

Pursuant to the Definitive Agreement, the Issuer has agreed to issue to the Abaxx Shareholders and Abaxx Warrantholders an aggregate of 51,981,539 Resulting Issuer Shares in consideration for all outstanding Abaxx Common Shares and Abaxx Warrants. Following Closing, the Issuer's capital structure will become the capital structure of the Resulting Issuer. See "*Part IV – Information Concerning The Resulting Issuer.*" Upon Closing, the Issuer Shares will be the Resulting Issuer Shares. For a description of the attributes of the Issuer Shares, please refer to the section entitled "*Part II – Information Concerning the Issuer – Description of Securities*" of this Disclosure Document.

Stock Option Plan

At the Issuer Shareholders' Meeting, the Issuer Shareholders approved the New Option Plan. The New Option Plan sets the number of Resulting Issuer Shares issuable thereunder at a maximum of 10% of the Resulting Issuer Shares issued and outstanding at the time of any grant. Implementation of the New Option Plan is subject to acceptance by the NEO Exchange. The New Option Plan is intended to be implemented following Completion of the Transaction. For more information about the New Option Plan, see "*Part IV – Information Concerning the Resulting Issuer - Options to Purchase Securities – New Option Plan.*"

At the Issuer Shareholders' Meeting, the Issuer Shareholders approved the RSU Plan. Implementation of the RSU Plan is subject to acceptance by the NEO Exchange. The RSU Plan is intended to be implemented following Completion of the Transaction. For more information about the RSU Plan, see "*Part IV – Information Concerning the Resulting Issuer - Options to Purchase Securities – RSU Plan.*"

Prior Sales

Issuer Shares

Within the twelve (12) months prior to the Effective Date, nil Issuer Shares have been issued.

Issuer Options & Warrants

As of the Effective Date, there are nil Issuer Options outstanding. No Issuer Options were granted or exercised during the year ended December 31, 2019.

As of the Effective Date, there are nil Issuer Warrants outstanding. No Issuer Warrants were issued or exercised during the year ended December 31, 2019.

Stock Exchange Price

The Issuer Shares commenced trading on the TSXV in August 2003 under the symbol “NML.P”. On October 19, 2011, the Issuer Shares commenced trading on the TSX under the symbol “NML”. The following table sets forth trading prices and volumes for the period indicated:

Month	High (\$)	Low (\$)	Volume
November, 2020	0.34	0.16	26,581,385
October, 2020	0.175	0.075	17,781,781
September, 2020	0.085	0.065	9,166,413
August, 2020	0.08	0.04	13,414,500
July, 2020	0.06	0.04	3,372,400
June, 2020	0.06	0.05	2,261,800
May, 2020	0.06	0.04	862,900
April, 2020	0.05	0.04	1,101,800
March, 2020	0.07	0.04	2,253,300
February, 2020	0.08	0.05	1,949,400
January, 2020	0.09	0.06	2,442,200
December, 2019	0.06	0.05	823,047

The Issuer Shares continued to trade on the TSX following announcement of the Transaction on September 18, 2020. It is anticipated that the Issuer Shares will continue to trade on the TSX until two days prior to the listing date of the Resulting Issuer Shares on the NEO Exchange.

Executive Compensation

The applicable securities laws require that a “Statement of Executive Compensation” in accordance with Form 51-102F6 be included in this Circular. Form 51-102F6 prescribes the disclosure requirements in respect of the compensation of executive officers and directors of reporting issuers. Form 51-102F6 provides that compensation disclosure must be provided for the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”) of an issuer and each of the three most highly compensated executive officers whose total compensation exceeds \$150,000.

For the purposes of this Statement of Executive Compensation, a Named Executive Officer (“**NEO**”) of the Issuer means each of the following individuals:

- (a) the CEO, or an individual who acted in a similar capacity during the year ended December 31, 2019, regardless of the amount of compensation;

- (b) the CFO, or an individual who acted in a similar capacity during the year ended December 31, 2019, regardless of the amount of compensation;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of Form 51-102F6, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

During the year ended December 31, 2019, the Issuer had two NEOs: Mario Caron as Chairman and also as acting CEO and Robert Boisjoli as CFO. The total compensation awarded, paid to, or earned by the NEOs from the Issuer for the three most recently completed years of the Issuer is set out below in the Summary Compensation Table.

The Corporate Governance and Compensation Committee

The responsibilities of the Issuer's Corporate Governance and Compensation Committee (the "Corporate Governance and Compensation Committee") in respect of compensation matters include determining the compensation for the NEOs based on their performance and other factors. The Corporate Governance and Compensation Committee is currently composed of the following directors of the Company, being Daniel P. Owen (Chair), Mario Caron, H. Dean Journeaux and W. Scott Leckie. The Corporate Governance and Compensation Committee did not meet in the financial year ended December 31, 2019, as governance and compensation matters were handled directly by the Board of Directors.

Relevant Education and Experience

Daniel P. Owen

Mr. Owen is an investor and entrepreneur. He is currently Chairman and Chief Executive Officer of a private investment management company, Chairman and Chief Executive Officer of a private aerodrome management company, and a former Senior Vice President, Operations, of the Canada Development Corporation (later named Polysar Energy & Chemical Corporation). Mr. Owen has served on the boards of directors and on all the committees of a number of Canadian public companies.

Mario Caron

Mr. Caron has 40 years of wide-ranging mining industry experience in project development, operations, the capital markets, and governance/disclosure best practices. He is currently lead director of Falco Resources Ltd., Chairman of Alloycorp Mining Inc., director of Quebec Precious Metals Corp and of Mako Mining Corp since June 2020.

Mr. Caron has also been president, Chief Executive Officer and a director of several companies involved in the exploration and development of metals and minerals in the Americas, Africa, Turkey and Southeast Asia, including Algold Resources Ltd., Aldridge Minerals Inc., Axmin Inc., Tiberon Minerals Ltd. and Defiance Mining Corporation. Earlier in his career, Mr. Caron was Vice President Mining and Infrastructure for PricewaterhouseCoopers Securities Inc. He received a B. Eng. in Mining from McGill University, and is a member of the Quebec Order of Engineers as well as the Association of Professional Engineers of Ontario.

H. Dean Journeaux

Mr. Journeaux is a co-founder of NML and, between August 2003 and August 2015, served successively as Chief Operating Officer, President and Chief Executive Officer, and Executive Vice Chairman. He was also on the Board of Directors during that period and returned as an independent director in June 2017.

Mr. Journeaux has over five decades of experience in the mining industry. He held various engineering, operations and management positions with Quebec Cartier Mining Company (now ArcelorMittal Mines Canada) and MET-CHEM Canada Inc. Among his responsibilities was construction management of the Mont Wright iron ore project at

Fermont, Quebec. Beginning in 1999, as an independent consultant, Mr. Journeaux worked on various international projects, including in India and Egypt.

He received a Bachelor of Engineering (Mining) from McGill University in 1960. He is a Member of the Ordre des ingénieurs du Québec (retired), a Member of the Association of Iron and Steel Engineers, and a Fellow and Life Member of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM).

W. Scott Leckie

Mr. Leckie is an experienced value investor, Portfolio Manager, and a founding partner of several companies. He is currently the Principal of Takota Asset Management Inc., as a portfolio manager (PM) and an exempt market dealer (EMD). He is also a Director of Acerus Pharmaceuticals Corp.

Compensation Discussion and Analysis

Historically, the Issuer's compensation policy was to pay management a total compensation amount competitive with other companies' managements in the mining industry (with a particular focus on junior iron ore companies) and consistent with the experience and responsibility level of the management. Over the course of 2017, iron ore market circumstances forced the Issuer to reduce development activity and adjust the size of its workforce and management accordingly, with the result that there are now two remaining executive officers on a consulting basis as follows:

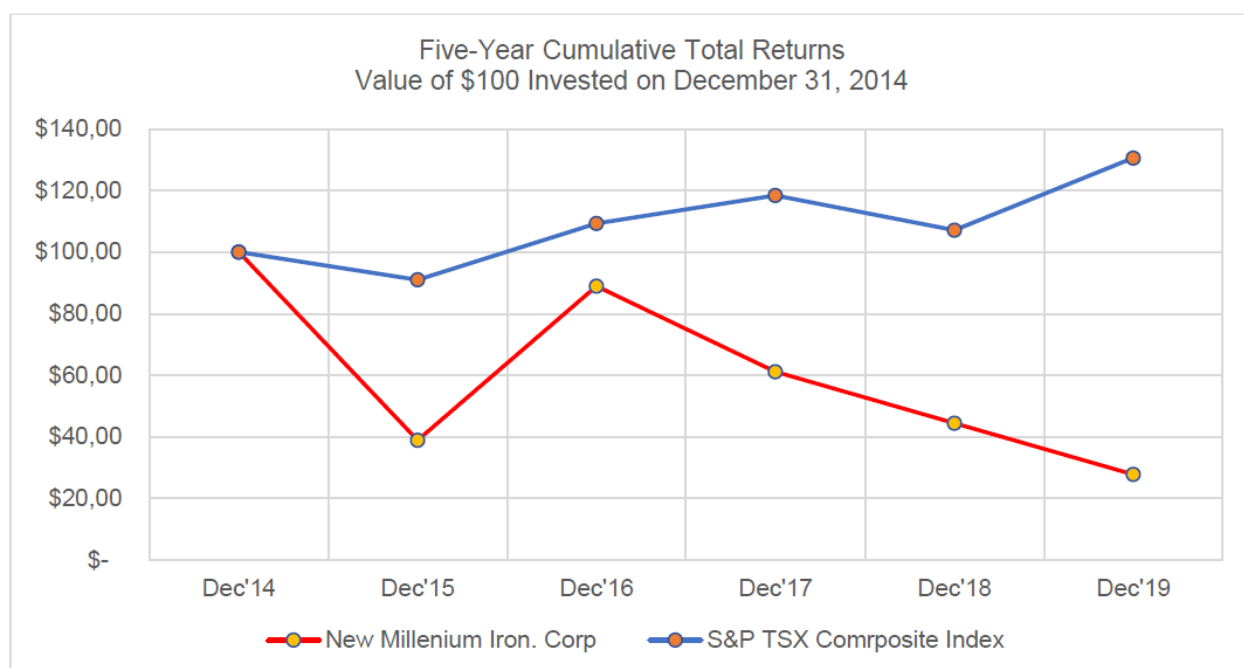
- (a) **Ernest Dempsey, Chief Executive Officer**: The Issuer entered into a consulting agreement (the “**Dempsey Consulting Agreement**”) effective January 1, 2017, and extended December 6, 2017, with Ernest Dempsey, which provided that Mr. Dempsey supplied the services to act as Chief Executive Officer of the Issuer, on a part-time basis. The Dempsey Consulting Agreement could have been terminated by the Issuer or Mr. Dempsey, at any time, for any reason, without cause or entitlement to severance or termination pay, upon 30 days' notice. The Dempsey Consulting Agreement could have also been terminated by the Issuer, at any time, for any reason, without cause or entitlement to severance or entitlement pay, should Mr. Dempsey failed to meet the professional standards or ethical requirements expected by a competent consultant in the exercise of his services as Chief Executive Officer. The Dempsey Consulting Agreement was in effect until December 31, 2019. Mr. Dempsey was on medical leave from March 14, 2019, to December 31, 2019. As a result, Mr. Mario Caron, Chairman of the Board of Directors, is Acting CEO.
- (b) **Robert Boisjoli, CFO**: The Issuer entered into a consulting agreement (the “**Boisjoli Consulting Agreement**”) effective November 7, 2018, with Robert Boisjoli & Associés S.E.C. which provides that Robert Boisjoli & Associés S.E.C. will supply the services of Robert Boisjoli to act as CFO. The Boisjoli Consulting Agreement may be terminated by the Issuer or Mr. Boisjoli, at any time, for any reason, without cause or entitlement to severance or termination pay, upon 90 days' notice.

Before 2017, the Issuer's compensation plan was comprised of base salaries, annual bonuses, option-based awards, a defined contribution pension plan and an insurance benefit plan. These arrangements are reflected in the 2018 Summary Compensation Table below.

The Summary Compensation Table reflects the Issuer's previous employment agreement (the “**Dempsey Employment Agreement**”) dated February 11, 2015, with Ernest Dempsey, which provided that Mr. Dempsey would act in the capacity of Vice President Investor Relations & Corporate Affairs. Mr. Dempsey ceased to be Vice President Investor Relations & Corporate Affairs effective December 31, 2016, whereupon the Dempsey Consulting Agreement discussed above took effect.

Performance Graph

The following graph compares the yearly change in cumulative shareholder return over a five-year period (assuming that a \$100 investment was made on December 31, 2013) on the NML Shares of the Issuer with the cumulative total return of the S&P/TSX Composite Index from December 31, 2014 to December 31, 2019.



The trend in the performance graph does not correlate to the trend of the compensation paid to the NEOs. The Issuer has concluded that management must be compensated based on competitive market conditions and the value of the services provided, irrespective of Issuer Share price movements. The trading price of the Issuer Shares directly impacts benefits from the equity incentive plans.

Compensation Plan and Policies

Each element is presented below.

Base Salaries

The level of base salary for each NEO was determined by the level of responsibility and the importance of the position to the Issuer, within competitive industry ranges. The Corporate Governance and Compensation Committee made recommendations to the Board of Directors regarding base salaries of the NEOs at a level within ranges paid by comparable Canadian junior iron ore and other junior mining companies. In 2019, as consultants, Messrs. Dempsey and Boisjoli received compensation in the form of fees for services in lieu of salaries.

Annual Bonuses

No annual bonuses were awarded in 2019.

Option-based Awards

The Issuer has no outstanding option-based awards.

Defined Contribution Pension Plan

The Issuer sponsored an obligatory Direct Contribution Pension Plan for its employees that was terminated effective July 1, 2017.

Insurance Benefit Plan

The Issuer's NEOs who were also employees were members of the Issuer's benefits program that was terminated effective July 1, 2017.

Compensation Risk Management

In performing its duties, the Corporate Governance and Compensation Committee considers the implications of the possible risks associated with the Issuer's compensation policies and practices. This includes identifying any such policies or practices that may encourage executive officers to take inappropriate or excessive risks, identifying risks arising from such policies and practices that could have a material adverse effect on the Issuer and considering the possible risk implications of the Issuer's compensation policies and practices and any proposed changes to them.

The Corporate Governance and Compensation Committee periodically reviews and assesses the Issuer's compensation policies and practices in relation to such risks, including assessing such policies and practices in light of practices identified by the Canadian Securities Administrators as potentially encouraging executive officers to expose the Issuer to inappropriate or excessive risks. It is the Committee's view that the Issuer's compensation policies and practices do not encourage inappropriate or excessive risk-taking.

Summary Compensation Table

The following table sets out all annual and long-term compensation for the three most recently completed financial years for services in all capacities to the Issuer and its subsidiaries, if any, in respect of NEOs:

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year (ended Dec.31 2019)	Fees/ Salary (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$) ⁽⁵⁾	Total Compensation (\$)
					Annual Incentive Plans ⁽³⁾	Long-Term Incentive Plans			
Mario Caron ⁽⁶⁾ Chairman	2019	145,375	Nil	Nil	Nil	Nil	Nil	Nil	145,375
Ernest Dempsey ⁽⁷⁾	2019	56,000	Nil	Nil	Nil	Nil	Nil	Nil	56,000
	2018	111,420	Nil	Nil	Nil	Nil	Nil	Nil	111,420
	2017	143,548	Nil	Nil	Nil	Nil	Nil	Nil	143,548
Robert Boisjoli ⁽⁸⁾ CFO	2019	102,000	Nil	Nil	Nil	Nil	Nil	Nil	102,000
	2018	10,000	Nil	Nil	Nil	Nil	Nil	Nil	10,000
Mark Freedman ⁽⁹⁾ Chief Financial Officer	2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2018	101,475	Nil	Nil	Nil	Nil	Nil	Nil	101,475
	2017	173,773	Nil	Nil	Nil	Nil	Nil	Nil	173,773

Notes:

- (1) "Share-Based Awards" means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) "Option-Based Awards" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. See discussion below.
- (3) Amounts referred to in this column are paid as cash bonuses and are attributable to the immediately preceding financial year.
- (4) Amounts referred to in this column are the Issuer's payments to the individual's defined contribution plan.
- (5) Amounts referred to in this column relate to insurance benefits paid by the Issuer on behalf of the individual as well as any severance paid in relation to termination of their employment.
- (6) Mr. Caron is acting as CEO since March 26, 2019.
- (7) Mr. Dempsey was appointed Chief Executive Officer effective January 1, 2017 and began receiving consulting fees as compensation from the Issuer. Before his appointment as Chief Executive Officer, Mr. Dempsey was Vice President, Investor Relations and Corporate Affairs. Mr. Dempsey was on medical leave from March 14, 2019, to December 31, 2019.
- (8) The Issuer paid no salary directly to Mr. Boisjoli. The amounts disclosed represent compensation paid to Robert Boisjoli & Associés S.E.C., a company which employs Mr. Boisjoli, for consulting services provided to the Issuer, as per the Boisjoli Consulting Agreement.
- (9) The Issuer paid no salary directly to Mr. Freedman. The amounts disclosed represent compensation paid to Balance Consultants Inc., a company which is wholly owned by Mr. Freedman, for consulting services provided to the Issuer, as per the Freedman Consulting Agreement.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

At the Issuer Shareholders' Meeting, the Issuer Shareholders will be asked to approve the New Option Plan. The New Option Plan is a rolling incentive stock option plan that sets the number of Issuer Shares issuable thereunder at a maximum of 10% of the Issuer Shares issued and outstanding at the time of any grant.

Incentive Plan Awards - Value Vested or Earned During the Year

No option-based awards and share-based awards were vested during the most recently completed financial year for each NEO.

Pension Plan Benefits

The Company sponsored an obligatory defined contribution retirement plan for all its employees, including the NEOs, that was terminated effective July 1, 2017.

Termination and Change of Control Benefits

Other than as set out below, the Issuer is not a party to any contract, agreement, plan or arrangement that provides for payments to a NEO, at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Issuer, its subsidiaries or affiliates or a change in a NEO's responsibilities.

The Dempsey Consulting Agreement was in effect until December 31, 2019. Mr. Ernest Dempsey was on medical leave from March 14, 2019 to December 31, 2019.

The Boisjoli Consulting Agreement may be terminated by the Company or Mr. Boisjoli, at any time, for any reason, without cause or entitlement to severance or termination pay, upon 90 days' notice.

Director compensation

During the year ended December 31, 2019, the Issuer had seven directors that served for the whole year, one of which acted also as NEO. For a description of the compensation paid to the NEOs of the Issuer who also acted as directors of the Company, see the Section of this Disclosure Document entitled "*Part II – Information Concerning the Issuer - Executive Compensation*".

Director Compensation Table

The following table sets out all compensation provided to directors who are not also NEOs of the Company (the "**Other Directors**") for the financial year ended December 31, 2019.

Current Directors

Name	Fees Earned (\$)	Share-Based Awards (\$)⁽¹⁾	Option-Based Awards (\$)⁽²⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Mario Caron	145,375	Nil	Nil	Nil	Nil	Nil	145,375
Prasanto Kumar Ghose	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rajiv Mukerji	Nil	Nil	Nil	Nil	Nil	Nil	Nil
D. B. Sundara Ramam	Nil	Nil	Nil	Nil	Nil	Nil	Nil
W. Scott Leckie	80,500	Nil	Nil	Nil	Nil	Nil	80,500

Daniel P. Owen	30,000	Nil	Nil	Nil	Nil	Nil	30,000
H. Dean Journeaux	30,000	Nil	Nil	Nil	Nil	Nil	30,000

Notes:

- (1) **“Share-Based Awards”** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock
- (2) **“Option-Based Awards”** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.

Narrative Discussion

During the financial year ended December 31, 2019, directors of the Issuer who are not employees of Tata Steel Ltd. or of a subsidiary each received annual retainer fees of \$30,000 for Board of Directors and Board Committee representation, as listed above. In 2018, the Board of Directors decided on an additional compensation. The Chair receives an additional yearly compensation of \$15,000 since January 1, 2018. The Chair of the Audit Committee receives an additional compensation of \$5,000 per year. On December 18, 2018, the Issuer formed an ad hoc Special Committee (the **“Special Committee”**). The Special Committee is composed of two independent directors who receive an additional compensation of \$4,000 per month for as long as it is in effect. The mandate of the Special Committee is to review business opportunities aimed at diversifying the Issuer iron ore and mining interests. The Board of Directors can terminate the mandate of the Special Committee at any time. In 2019, the total aggregate cash compensation (which includes director’s fees and consulting fees for non-executive services) paid to the directors for services rendered in their capacity as directors and consultants was \$140,500. In addition, directors are reimbursed for reasonable expenses incurred in respect of their activities as directors.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

No share-based awards and option-based awards are outstanding. At the Issuer Shareholders’ Meeting, the Issuer Shareholders will be asked to approve the New Option Plan and the RSU Plan.

Incentive Plan Awards - Value Vested or Earned During the Year

No share-based awards and option-based awards are vested during the most recently completed financial year for Other Directors.

Non-Arm’s Length Transaction

This Transaction does not constitute a Non-Arm’s Length Transaction.

Legal Proceedings

As at June 30, 2020, the Company is being sued by a former consultant in the amount of \$1.5 million. The Company believes that the consultant was appropriately compensated and is contesting this claim.

Other than as set forth herein, there are no legal proceedings material to the Issuer to which the Issuer is a party or of which any of its property is the subject matter, nor are any such proceedings known to the Issuer to be contemplated.

Auditor, Transfer Agents and Registrars

Auditor

The Issuer’s auditor is MNP s.e.n.c.r.l. SRL/LLP, located at 800-1600 Carling Avenue, Ottawa, Ontario K1Z 1G3.

Transfer Agent and Registrar

The Issuer's transfer agent and registrar is Computershare Trust Company of Canada, located at 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

Material Contracts

The following are the material contracts of the Issuer that are in effect as of the Effective Date:

1. The Resulting Issuer Escrow Agreement dated as of the Effective Date among the Resulting Issuer, the Escrow Agent and those shareholders that executed such Resulting Issuer Escrow Agreement referred to under "*Part IV – Information Concerning The Resulting Issuer – Escrowed Securities*".
2. Definitive Agreement dated September 18, 2020 between the Issuer and Abaxx, pursuant to which the Issuer and Abaxx have agreed to complete the Business Combination on the terms and conditions set forth therein. See "*Part I – Information Concerning the Issuer – General Development of the Business*."
3. Tata Restructuring Agreement dated as of August 5, 2020 between the Issuer and the Tata Steel Group pursuant to which the Issuer and Tata Steel Group have agreed to complete the Tata Restructuring on the terms and conditions set forth therein. See "*Part II – Information Concerning the Issuer – General Development of the Business*."

Copies of these agreements are available for inspection at the registered office of the Issuer at 855, 2 Street Southwest, Suite 3500, Calgary, Alberta, T2P 4K1, during ordinary business hours until the Effective Date and for a period of 30 days thereafter and on the Issuer's SEDAR profile at www.sedar.com.

PART III – INFORMATION CONCERNING THE TARGET COMPANY

Information in this Part III is given as of the time which is immediately prior to the Effective Time.

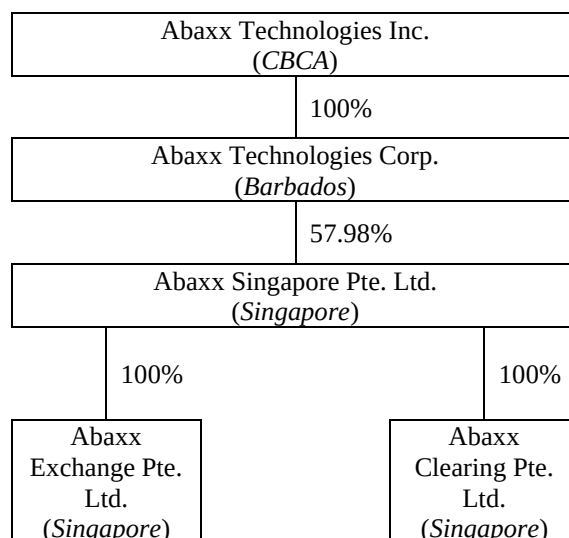
Corporate Structure and General Description of the Business

Name and Incorporation

Abaxx was incorporated under the name Abaxx Technologies Inc. on January 25, 2018 under the CBCA. On March 29, 2018, Abaxx filed articles of amendment providing for the creation of an unlimited number of Abaxx Preference Shares. The registered and head office of Abaxx is located at Suite 902, 18 King Street East, Toronto, Ontario, M5C 1C4.

Intercorporate Relationships

Abaxx has one wholly-owned subsidiary, Abaxx Technologies Corp. (“Abaxx Tech”), which in turn has two subsidiaries, Abaxx Singapore Pte. Ltd. (“**Abaxx Exchange and Clearing**”, or “**ACX**”) and Operem Inc, (“**Operem**”). ACX has two operating subsidiaries, Abaxx Clearing Pte. Ltd. (“**Abaxx Clearing**”) and Abaxx Exchange Pte. Ltd. (“**Abaxx Exchange**”). Operem has one subsidiary, ArgosOperem LLC.



General Development of the Business

Abaxx is a software technology company and commenced its current business operations in January 2018. Abaxx’s primary focus is on developing the Abaxx Tech IP Portfolio, and developing ACX, a majority-owned subsidiary, to offer a specialized marketplace for the trading of energy and metals futures contracts utilizing licensed technology from the Software and IP Portfolio. Through engineering development and acquisitions, Abaxx has developed a suite of software products and intellectual property portfolio relating to exchange and marketplace platforms that offer new digital solutions to reduce commercial inefficiencies in trade discovery, communication, execution, clearing, settlement and custody.

History

On February 27, 2018, Abaxx entered into an executable term sheet with Operem Inc., a U.S. based developer of a technologically innovative intellectual property asset exchange, to purchase 2,500,000 series A preferred stock and a gross revenue royalty in exchange for US\$2,530,000 and 2,750,000 Abaxx Common Shares. Abaxx also entered into an agreement to co-develop certain exchange-supporting software products and intellectual property with Operem.

On February 28, 2018, Abaxx entered into an executable term sheet with CleerX Pte. Ltd. (“**Cleer**”), a Singapore based developer of a technologically-innovative liquified natural gas and energy market exchange, to purchase 2,500,000 series A preferred stock and a gross revenue royalty in exchange for US\$5,000,000 in two tranches and 1,375,000 Abaxx Common Shares. In addition, Abaxx entered into an agreement to co-develop certain exchange-supporting software products and intellectual property with Cleer.

On March 26, 2018, Abaxx completed the non-brokered initial seed financing (“**Initial Seed Financing**”) through the issuance of 13,700,000 Abaxx Common Shares at a price of \$0.01 per Abaxx Common Share to certain founders, of, and key investors in, Abaxx, for gross proceeds of \$137,000. Under the Initial Seed Financing, Mr. Joshua Crumb, CEO and director of Abaxx, subscribed for 7,000,000 Abaxx Common Shares for total consideration of \$70,000.

On March 27, 2018, Abaxx then completed a non-brokered private placement through the issuance of 5,033,365 Abaxx Common Shares at a price of \$0.15 per Abaxx Common Shares to certain Abaxx founding partners for gross proceeds of \$755,004.80. Under the private placement that closed March 27, 2018, Mr. Dennis Peterson, corporate secretary and director of Abaxx, beneficially acquired 333,333 Abaxx Common Shares. Abaxx also issued 4,500,000 Abaxx Compensation Warrants to Mr. Crumb, director, CEO and Promoter of Abaxx, with a strike price of \$0.15. Mr. Crumb subsequently assigned 500,000 Abaxx Compensation Warrants to the former CEO of ACX, John Knorring, on September 5, 2018. On January 4, 2020, Mr. Knorring exercised his 500,000 Abaxx Compensation Warrants at \$0.15 per Abaxx Common Share for gross proceeds of \$75,000 to Abaxx. On March 29, 2019, Mr. Crumb exercised his 4,000,000 Abaxx Compensation Warrants for gross proceeds of \$600,000 to Abaxx.

On April 4, 2018 Abaxx terminated its executable term sheet with Cleer and decided not to proceed with an investment in the CleerX exchange project.

On April 11, 2018, Abaxx completed a non-brokered private placement of 11,532,062 Abaxx Common Shares at a price of \$0.40 per Abaxx Common Shares for gross proceeds of \$4,612,825. As part of the private placement that closed on April 11, 2020, Abaxx also issued 2,830,000 Abaxx Preference Shares at a price of \$0.40 for gross proceeds of \$1,132,000. Under the financing that closed on April 11, 2018, Mr. Dennis Peterson, corporate secretary and director of Abaxx, beneficially acquired 125,000 Abaxx Common Shares. Abaxx completed a second tranche of this non-brokered private placement of 2,197,237 Abaxx Common Shares at a price of \$0.40 per Abaxx Common Shares for gross proceeds of \$878,894.80 on August 1, 2018.

On April 11, 2018, Abaxx executed an investment agreement (the “**Pasig & Hudson Investment Agreement**”) whereby Abaxx purchased 1,972,649 ordinary shares in Pasig & Hudson (“**Pasig & Hudson Shares**”) in exchange for \$250,000 aggregate cash consideration and 1,250,000 Abaxx Common Shares. The Pasig & Hudson Investment Agreement allowed Abaxx to subscribe for an additional 726,764 Pasig & Hudson Shares for aggregate cash consideration of \$350,000 as part of a second tranche of financing, which was exercised by Abaxx. As at the date of this Disclosure Document, Abaxx holds 2,699,413 ordinary shares in Pasig & Hudson, representing 18% of the issued and outstanding shares of Pasig & Hudson.

On April 18, 2018, Abaxx entered into an investment agreement with Operem Inc. (the “**Operem Investment Agreement**”). Under the Operem Investment Agreement, Abaxx purchased 2,500,000 series A-1 preferred stock in Operem (“**Operem Preferred Stock**”) in exchange for \$2,530,000 aggregate cash consideration and 2,750,000 Abaxx Common Shares, which were issued on May 3, 2018. Contingent upon certain conditions, Abaxx also agreed to purchase an additional 1,800,000 series A-2 Operem Preferred Stock up until November 15, 2018 as part of a second tranche financing (the “**Operem Option**”). On November 15, 2018, Abaxx chose not to exercise the Operem Option.

As part of the Operem Investment Agreement, Abaxx was also granted a royalty conversion right (the “**Royalty Conversion Right**”). The Royalty Conversion Right allows Abaxx to convert up to 4,300,000 Operem Preferred Stock into a revenue royalty percentage, at the rate of 860,000 Operem Preferred Stock for every 0.5% of a revenue royalty (the “**Operem Royalty**”). Abaxx Tech is the registered holder of the Operem Preferred Stock and the Operem Royalty. Through Abaxx Tech, Abaxx owns 2,500,000 Operem Preferred Stock (or approximately 31.25% of Operem) as of the date of this Disclosure Document.

On September 14, 2018, Abaxx entered into a simple agreement for future equity with Smart Crowd Holdings Limited (the “**Smart Crowd SAFE**”). Under the Smart Crowd SAFE, Abaxx contributed \$140,000 to the capital of Smart Crowd (the “**Smart Crowd Initial Investment**”), whereby the Smart Crowd Initial Investment will convert into

conversion shares upon certain triggering events, such as a SAFE Liquidity Event (defined below), an equity financing in excess of USD\$750,000, or an insolvency event such as the dissolution of Smart Crowd. The conversion shares' priority will be dependent on the event triggering conversion. If Smart Crowd raises at least \$750,000 in equity financing, the Smart Crowd Initial Investment will convert into the highest class of shares issued under that equity financing. If Smart Crowd experiences a liquidity event ("**SAFE Liquidity Event**"), being: (a) Smart Crowd or a shareholder entering into a binding agreement with a third party on arms' length terms under which the third party is to acquire (other than by way of a subscription for new shares) beneficial ownership of 50% or more of the voting shares of Smart Crowd; (b) Smart Crowd enters into a binding agreement to dispose of assets comprising more than half the value of its assets, and that agreement become unconditional; (c) Smart Crowd resolves to amalgamate with any other company in a transaction that is in substance the same as described under (a) and (b); or (d) Smart Crowd enters into a listing agreement with a recognized stock exchange, then the Smart Crowd Initial Investment will convert into ordinary shares. Under the Smart Crowd SAFE, shareholders also have the option of converting investment dollars into shares via an option conversion event ("**Option Conversion Event**"), being the receipt by Smart Crowd of a notice signed by investors in the Smart Crowd SAFE representing at least 50% of the total investment amount. If the Smart Crowd Initial Investment is converted pursuant to an Option Conversion Event, Abaxx will receive the highest class of Smart Crowd shares in issue at the time. The number of Smart Crowd conversion shares that Abaxx will receive will equal the Valuation Cap divided by the Fully Diluted Capitalization (as defined below) immediately prior to the event that triggers conversion. Fully diluted capitalization ("**Fully Diluted Capitalization**") means the number of issued and outstanding Smart Crowd common shares on the date of the triggering event and the valuation cap ("**Valuation Cap**") is defined as USD\$2,200,000.

On November 19, 2018, Abaxx Singapore Pte. Ltd. was incorporated under the laws of Singapore to continue the development pursuit of a commodity exchange and clearinghouse, with an initial focus on liquified natural gas benchmark contracts. On the date of incorporation, Joshua Crumb, CEO, director and Promoter of Abaxx, subscribed for one ACX Share as an incorporator's share for gross consideration of \$1.00.

On February 1, 2019, Abaxx Tech entered into a royalty agreement with ACX (the "**ACX Royalty Agreement**"). Under the terms of the ACX Royalty Agreement, ACX granted to Abaxx Tech a two percent (2%) royalty on gross revenue during the indefinite royalty term (the "**ACX Royalty**"). Under the ACX Royalty Agreement, Abaxx Tech has the right to increase the ACX Royalty to three percent (3%) of gross revenues upon the payment of US\$10,000,000 to ACX within five years from date thereof.

On February 1, 2019, ACX and Abaxx Tech entered into an agreement whereby Abaxx Tech agreed to advance up to US\$10,000,000 to ACX (the "**ACX Convertible Debenture**"). Under the terms of the ACX Convertible Debenture, Abaxx Tech has the right to convert all outstanding indebtedness thereunder into ACX Shares at a price of US\$1.00 per ACX Share upon delivery of a conversion notice to ACX by Abaxx Tech. As of Closing, Abaxx Tech will have submitted a conversion notice to ACX requesting all outstanding indebtedness to be converted into ACX Shares as of Effective Date and Abaxx Tech will own 81% of the issued and outstanding ACX Shares. Following conversion of the ACX Convertible Debenture, ACX and Abaxx Tech intend to continue use the undrawn portion of the ACX Convertible Debenture to fund the development of ACX Exchange and ACX Clearing.

On April 17, 2019, Abaxx completed a private placement of 2,112,227 units in Abaxx (each, a "**Unit**") at a price of \$1.00 per Unit for gross proceeds of \$2,112,227. Each Unit issued on April 17, 2019 consisted of one (1) Abaxx Common Share and one (1) Abaxx Warrant. Each whole Abaxx Warrant granted under the April 17, 2019 private placement expires on December 31, 2020 and was exercisable for \$2.00 per Abaxx Common Share. Mr. Dennis Peterson, director of Abaxx, beneficially acquired 50,000 Units and Mr. Joshua Crumb, director and CEO of Abaxx, beneficially acquired 100,000 Units. Following the closing of the April 17, 2019 private placement, Mr. Crumb held 11,100,000 Abaxx Common Shares and 50,000 Abaxx Warrants and Mr. Peterson beneficially held 508,333 Abaxx Common Shares and 25,000 Abaxx Warrants.

On May 1, 2019, Abaxx Tech and ACX entered into a technology assignment agreement (the "**ACX Assignment Agreement**"), whereby Abaxx Tech delivered and transferred possession to ACX of all technology possessed by Abaxx Tech as of the date of the agreement (the "**Assigned Technology**"). ACX agreed under the ACX Assignment Agreement to assume the responsibility of research and development of all Assigned Technology.

On May 15, 2019 and in connection with the ACX Assignment Agreement, Abaxx Tech and ACX entered into an exclusive software master license agreement (the "**ACX MLA**"), whereby ACX licensed certain intellectual property

relating to computer software products and applications developed by Abaxx Tech (the “**Licensed Software**”). The geographical territory of the exclusive license granted to ACX includes Singapore, Hong Kong, the People’s Republic of China, all member states within the European Economic Community, the United Kingdom and the United States. Under the ACX MLA, in addition to receiving the Licensed Software, ACX also received the right for Abaxx Tech to provide support and maintenance, monitoring services, and development services (e.g., functionality enhancements, consultancy services and on-site support) (collectively, the “**Support Services**”). As consideration for the Licensed Software and the Support Services, ACX agreed to pay Abaxx Tech a royalty on revenues equal to 20% of gross revenues up to US\$2,000,000, 10% of gross revenues in excess of US\$2,000,000 and up to US\$5,000,000 and 5% of gross revenues in excess of US\$5,000,000 (collectively, the “**ACX MLA Royalty**”).

On June 14, 2019, ACX completed a non-brokered private placement (the “**ACX Financing**”) of 6,037,500 common shares in the capital of ACX (“**ACX Shares**”) at a price per ACX Share of US\$0.01. Under the ACX Financing, Abaxx Tech subscribed for 3,500,000 ACX Shares for total consideration of US\$35,000, and former principles and inventors in Cleer subscribed for 2,350,000 Shares. Mr. Joshua Crumb, CEO, director and promoter of Abaxx also subscribed for 850,000 ACX Shares for total consideration of US\$8,500. Mr. Andy Fedak, Director of Corporate Development of Abaxx, subscribed under the ACX Financing for 1,500,000 ACX Shares for total consideration of US\$15,000. Subsequent to the ACX Financing, Mr. Fedak assigned 1,000,000 ACX Shares to an intellectual property vendor, Thom McMahon, who will be a nominated director of the Resulting Issuer.

On October 21, 2019, James Harmon and Geoff Osler, founders of Operem (the “**Operem Founders**”), entered into an option agreement (the “**Operem Option Agreement**”) with Abaxx whereby the Operem Founders agreed sell their 1,237,500 Abaxx Common Shares to Abaxx at the higher of: (a) US\$0.75 per Abaxx Common Share, or (b) the price of the Abaxx Common Shares issued under the Pre-Listing Abaxx Financing. As of the date of this Disclosure Document, Abaxx decided not to exercise its rights under the Operem Option Agreement.

On December 23, 2019, Abaxx completed a non-brokered private placement of US\$2,000,000 aggregate principal amount of Abaxx Convertible Debentures. The Abaxx Convertible Debentures mature on a date that is twenty-four (24) months from the date of issuance; however, the holder thereof has the right to effect a conversion of all or part of the principal amount then outstanding under the Abaxx Convertible Debenture at a price of \$0.55 per Abaxx Common Share (the “**Conversion Right**”). The Abaxx Convertible Debentures bear interest at eight percent (8%) per annum, calculated quarterly. On January 3, 2020, Abaxx completed a second non-brokered private placement of US\$1,000,000 aggregate principal amount of the Abaxx Convertible Debentures to Joshua Crumb, director and promoter of Abaxx. Following the issuance of the Abaxx Convertible Debenture with a US\$1,000,000 principal amount, Mr. Crumb held 11,350,000 Abaxx Common Shares on a partially diluted, representing 24.8% of the partially diluted issued and outstanding Abaxx Common Shares. On May 15, 2020, Abaxx completed a final non-brokered private placement of US\$250,000 aggregate principal amount of the Abaxx Convertible Debentures. All holders of Convertible Debentures have agreed to exercise their Conversion Right the on or prior to the Effective Date. Upon exercise of the Conversion Right, Abaxx will issue approximately 8,316,027 Abaxx Common Shares to holders of the Abaxx Convertible Debentures. Under the exercise of the Abaxx Convertible Debentures, Joshua Crumb, CEO, Director and Promoter of Abaxx, will receive 2,560,543 Abaxx Common Shares and his ownership in Abaxx will increase to 21.9% (undiluted) of the issued and outstanding Abaxx Common Shares prior to the Effective Time.

On January 8, 2020, Joshua Crumb, Andrew Fedak and Christopher Wiklof assigned their interest in the following United States patent applications to Abaxx Canada pursuant to an assignment agreement dated January 8, 2020: (1) Patent Application No. 16/708,405; (2) Patent Application No. 16/708/398; (3) Patent Application No. 16/708,377; (4) Patent Application No. 16/708,265; (5) Patent Application No. 16/706,457; (6) Patent Application No. 16/706,586; (7) Patent Application No. 16/703,726; (8) Patent Application No. 16/684,522; and (9) Patent Application No. 16/692,211 (collectively, the “**Assigned U.S. Patents**”).

On August 1, 2020, Abaxx Canada assigned the Assigned U.S. Patents to Abaxx Tech under individual assignment agreements each dated as of August 1, 2020.

On September 7, 2020, ACX received approval-in-principle for the Monetary Authority of Singapore (“**MAS**”) to act as a regulated market operator (“**RMO**”) for Abaxx Exchange. The outstanding deliverables required by ACX to receive final approval with respect to the RMO for Abaxx Exchange relate to providing MAS evidence of financial resources (i.e. US\$600,000 in unallocated assets held by ACX) as well as submission of complete product checklists.

ACX expects the outstanding deliverables can be satisfied during Q4 2020, in sync with plans to begin alpha testing of its Abaxx Exchange platform.

On July 24, 2020, Abaxx completed the first tranche of the Pre-Listing Abaxx Financing of 1,284,375 Abaxx Common Shares at a price of \$0.80 per Abaxx Common Share for gross proceeds of \$1,027,500.

On July 31, 2020, Abaxx completed the first tranche of the Pre-Listing Abaxx Financing of 3,319,500 Abaxx Common Shares at a price of \$0.80 per Abaxx Common Share for gross proceeds of \$2,655,600.

On September 11, 2020, Abaxx completed the third and final tranche of the Pre-Listing Abaxx Financing of 3,880,145 Abaxx Common Shares at a price of \$0.80 per Abaxx Common Shares for gross proceeds of \$3,104,116.

On September 11, 2020, Abaxx issued 300,000 Abaxx Common Shares to certain consultants of Abaxx for services rendered. Each Abaxx Common Share issued to the consultants carried a deemed value of \$0.80 per Abaxx Common Share.

On September 14, 2020, Joshua Crumb, Andrew Fedak and Christopher Wiklof assigned their interest in the following PCT patent applications to Abaxx Canada pursuant to assignment agreements dated September 14, 2020: (1) International Application No. PCT/US2019/045158; (2) International Application No. PCT/US2019/061863; and (3) International Application No. PCT/US2019/045170 (the “**Assigned PCT Patents**”).

On September 15, 2020, Abaxx Canada assigned the Assigned PCT Patents to Abaxx Tech under individual assignment agreements each dated as of September 15, 2020.

On December 14, 2020, Abaxx issued 521,803 Abaxx Common Shares to certain consultants and service providers of Abaxx for settlement of an aggregate of \$417,443 of indebtedness. Each Abaxx Common Share issued to consultants and service providers carried a deemed value of \$0.80 per Abaxx Common Share.

On December 14, 2020, Abaxx issued 187,500 Abaxx Common Shares to the Sponsor for settlement of an aggregate of \$150,000 of indebtedness. Each Abaxx Common Share issued to the Sponsor carried a deemed value of \$0.80 per Abaxx Common Share.

Prior to the Effective Date, ACX, Abaxx Tech, Joshua Crumb and certain other securityholders of ACX (the “**ACX Shareholders**”) entered into a shareholders’ agreement (the “**ACX Shareholders’ Agreement**”). Under the terms of the ACX Shareholders’ Agreement, ACX and the ACX Shareholders agreed to the following terms: (a) ACX granting pre-emptive rights to each ACX Shareholder prior to the issuance of any voting ACX Shares; (b) ACX Shareholders providing a right of first refusal to other ACX Shareholders prior to any transfer of ACX Shares; (c) “tag along” rights granted to ACX Shareholders whereby any third party offer for ACX Shares must provide an offer to all ACX Shareholders; (d) “drag along” rights granted to ACX Shareholders whereby if fifty percent (50%) of issued and outstanding ACX Shares accept an offer for ACX Shares, all ACX Shareholders can participate in the offer on the same terms; and (e) upon certain “buy-out events”, the ACX Shareholder triggering the “buy-out event” must surrender their ACX Shares for purchase to other ACX Shareholders.

Significant Acquisitions and Dispositions

Since its incorporation, Abaxx has not completed any significant acquisitions or dispositions.

Narrative Description of the Business

Abaxx is a development-stage financial technology company with a mission to advance commodity financing markets as the global economy embarks on a great energy transition from oil and coal, to mass electrification based on natural gas, renewable energy, and smart grid energy storage. To achieve the stated mission, the Company has developed a business strategy comprised of two core components: (i) investing in new internet communication protocols and proprietary financial software architecture in a vision for a global commodity market trading (“**Global Commodity Market Trading Infrastructure 3.0**”); and (ii) commercializing a majority-owned commodity futures exchange and clearinghouse utilizing Abaxx technology, with foundational products in new LNG benchmark contracts, and a new market structure vision for precious metals, battery metals, and emerging ESG certified-commodity markets.

Abaxx Technologies

The Abaxx vision for Global Commodity Market Trading Infrastructure 3.0, which Abaxx describes as the “Commoditization of Trust®”, is a software architecture which is natively comprised of emerging software technologies including deep learning and natural language processing (“**DL/NPL**”), self-sovereign digital identity (“**ssdID**”), encrypted content-addressing distributed file systems, smart contracting languages and protocols, and distributed ledger and decentralized datastore technology (DLT/DDS).

As a development stage business, the Company has generated nine (9) process and software user interface patent applications. The Company has also engineered a foundational internet ssdID and messaging protocol called “ID++”, and developed alpha-stage software applications (e.g. Abaxx Console) using the Commoditization of Trust architecture in the fields of:

- ssdID based verified-credential management, authentication, and identity and access management (IDAM);
- end-to-end encrypted and compliant financial messaging and video chat with enhanced deep learning and natural language processing applications;
- multi-cloud financial-data storage using encrypted content-addressing distributed file systems;
- ssdID-enabled electronic document and smart contract signing; and
- digital-contract custody and other financial workflow management applications.

The Company is also developing new proprietary software and middleware related to the ACX exchange and clearing operations with a goal to tests alpha stage software in the fourth quarter of 2020.

Abaxx intends to commercialize its software technology suite and the Software and IP Portfolio through business to business (“**B2B**”) strategic partnerships where emerging technologies can be applied to specific markets heavily reliant on transactional transparency and transaction execution velocity.

Abaxx Tech currently holds an intercompany gross revenue royalty over ACX for the licensed use of its proprietary software, which includes the Assigned Patents, and seeks to expand this software licensing and intellectual property royalty model into other financial service segments. Abaxx Tech is still in a development stage and does not currently generate revenue.

Abaxx Exchange and Clearing (ACX)

ACX is development-stage commodity futures exchange and clearinghouse which is currently seeking regulatory licenses to operate from the MAS. As of the date of this Disclosure Document, Abaxx controls 57.98% of the issued and outstanding ACX common shares, and a two percent (2%) royalty pursuant to the ACX Royalty Prior to the Effective Date, Abaxx Tech intends to convert the outstanding indebtedness as at the Effective Time under the ACX Convertible Debenture (US\$7,500,000). Following conversion of indebtedness under the ACX Convertible Debenture, Abaxx intends to control 81% of ACX. ACX and Abaxx Tech intend to continue to use the undrawn portion of the ACX Convertible Debenture to fund the development of Abaxx Exchange and Abaxx Clearing.

ACX has developed foundational products, such as its LNG benchmark contracts, in consultation with the global energy industry over the past two years. ACX is also currently developing a new derivative market product suite derived from a new vision for precious metals and battery metal exchange market structure, and emerging ESG certified-commodity markets. Management believes that as the global economy seeks to re-base our energy needs from oil and coal to natural gas and renewables, many trillions of dollars of new capital infrastructure investments will require transparent markets and new price risk management tools. Abaxx believes that transparent pricing for LNG, facilitating a more seamless transition of coal to gas switching in Asia, is a key marketplace requirement for accelerating this new energy economy. Abaxx seeks to build a new physical commodity focused exchange around these core markets.

The primary values of ACX are: (1) its derivative-execution venue, which is designed to be a forum for price discovery, risk transfer, and reduced transaction costs through contract standardization; and (2) a clearinghouse which is designed to mitigate credit and trade performance risk throughout the market by mutualizing wholesale market trading risk against a single central counterparty (“CCP”).

In order to execute on delivering a modern exchange and clearinghouse that meets the price risk transfer needs of the wholesale commodity market, Abaxx has made the following development investments:

- Building Abaxx Exchange: the exchange is the place where buyers and sellers get matched. Modern exchanges facilitate millions of transactions every day through rule-based order matching via software systems. ACX has licensed the necessary software systems to facilitate global order books and market matching, and has developed the necessary rulebooks and compliance procedures to operate the exchange.
- Building Abaxx Clearing: the clearinghouse is where trades are settled from match to offset/delivery and daisy chain transactions are simplified with trade compression. The clearinghouse is made up of Abaxx Clearing through its association with its clearing members. In order for firms to trade futures through Abaxx Clearing, they will have to engage with a clearing member to open accounts, “clear” their trades, and manage their collateral and positions. The clearinghouse does risk calculations on the underlying futures and calculates margin offsets to generate minimum margin thresholds that it requires clearing members to assess on their clients. Additionally, through the existence of the guarantee fund required by MAS, the clearinghouse guarantees the financial performance of all trades executed on the exchange and all future contracts that go to physical delivery. Modern clearinghouses also facilitate these transactions and risk calculations via robust software systems. ACX has licensed the necessary software systems to facilitate global order clearing and risk monitoring, and has developed the necessary rulebooks and compliance procedures, and risks analysis monitoring systems to operate the exchange.
- Write contracts to be traded on exchange: ACX has developed LNG deliverable-futures contracts in consultation with global LNG trading firms over the past 18 months; ACX is currently in consultation with global gold trading firms for deliverable-futures for gold; is currently scoping other physical commodity contracts at a preliminary market assessment stage.
- Obtain Regulatory Approvals: On September 7, 2020, ACX received approval-in-principle from the Monetary Authority of Singapore to act as an exchange operator (“**Recognized Market Operator**” or “**RMO**”). The outstanding deliverables required by ACX to receive final approval with respect to the RMO for Abaxx Exchange relate to satisfying the MAS requirement for financial resources (i.e. US\$600,000 in unallocated assets held by ACX) as well as submission of complete product checklists.
- Staff Abaxx Exchange and Abaxx Clearing: ACX has hired key executive roles with decades of experience building and operating key markets at some of the largest global exchanges, both in region and globally.
- Engage with the market to develop a trading infrastructure ecosystem: in addition to the software and rulebooks developed by Abaxx Exchange and Abaxx Clearing, ACX will need to onboard FCMs’ members to facilitate individual client account clearing and settlement, and develop integration software with existing electronic trading platforms and back office data management systems.
- Assemble sufficient levels of risk capital to support performance guarantees of the clearinghouse.

ACX is still under development and seeking final regulatory approvals; it is preparing to onboard customers and FCMs, and does not currently generate revenue. Commencing operations of ACX is dependent upon receiving approval from the MAS to operate Abaxx Exchange as an RMO. The regulatory process in Singapore is prone to delays given the profile of Abaxx as a startup tech-focused company that is not affiliated with any operating exchange group.

Although ACX has obtained agreement-in-principle from the MAS with respect to Abaxx Exchange and its status as an RMO, to address the risk of regulatory inertia and delay in Singapore with respect to receiving its ACH license for Abaxx Clearing, ACX has evaluated numerous alternative paths to stand up its business without the regulatory approvals necessary to engage its target customers. Moreover, ACX will require SGD 10,000,000 (CAD \$9,700,000)

from equity capital to be set aside for Abaxx Clearing as a minimum capital requirement to contribute towards the ACH default fund (the “**ACH Capital Requirement**”). While Abaxx expects to raise these funds in ACX from founding market participants and Singapore-based investors and institutions, there is no assurance that ACX or Abaxx will be successful in raising the required funds to satisfy the ACH Capital Requirement. Abaxx Clearing’s ongoing contribution to the ACH default fund will depend on the overall level of risk and open interest in the markets it operates, and not expected to surpass the initial contribution over the next 18 months.

To ensure Abaxx Exchange begins to commercialize prior to ACX satisfying the ACH Capital Requirement, ACX intends to contract with an existing US clearinghouse that already provides clearing and regulatory services for exchanges on an outsourced basis. This alternative would involve contracting with that clearinghouse and Abaxx Exchange completing an application to operate as a Foreign Board of Trade (“**FBOT**”) in the US. Given that a FBOT application is necessary for Abaxx Clearing to operate in the United State, ACX expects to initially subcontract the clearinghouse functionality of ACX a pre-existing US-based FBOT-approved clearinghouse.

ACX has engaged regulatory counsel to initiate the FBOT application for Abaxx Exchange and draft an agency agreement with one of the reputable clearinghouses that subcontract their clearing capabilities to third parties. ACX has established preliminary commercial terms with a US clearinghouse in order to evaluate associated costs in the context of the capital and operating budgets.

Initiating the FBOT process in the US establishes regulatory relationships necessary to proceed under the current and primary alternative paths and also would be helpful if, for whatever reason, Abaxx determined it would be best to domicile its business in the US. Abaxx continues to evaluate other alternative approaches to mitigate risks of regulatory delay with respect to obtaining the ACH license.

Material risks associated with the alternatives above include the potential that projected regulatory approval timelines in the US could change following the 2020 United States federal election. Changes to commercial terms offered by a previously identified US clearinghouse could also presents risks to the ACX launch strategy.

Overview of the Business and Business Model

Abaxx intends to generate revenue through software license sales and royalties, including royalties granted by ACX and Operem, and through the inception of new subsidiaries and new software licensee partners in other market segments. The licensing business model is scalable and requires much lower capital investment than internally launching products that utilize the Software and IP Portfolio. By licensing its technology, Abaxx has an opportunity to address several market segments concurrently, incrementally and in rapid succession by building on earlier success.

Abaxx also intends to generate revenue through its majority-owned ACX, which intends to address the growing demand for price-risk transfer in energy and metals markets in Asia and globally. Abaxx also intends to generate revenue through the ACX MLA and ACX Royalty. Abaxx holds a right to increase its ACX Royalty by an additional 1% by making a payment of US\$10,000,000. Over time Abaxx may choose to dilute its interest in ACX equity by selling new equity to future market participants or to local institutions in Singapore or other third-party equity investors, while maintaining the ACX MLA and ACX Royalty.

Software and IP Portfolio

Abaxx, through Abaxx Tech, has built a robust intellectual property base and intends to protect and commercialize new innovations through licensing agreements. Abaxx’s technology and intellectual property is wholly-owned in 11 patent families providing or seeking protection in strategically important countries. Abaxx has 12 pending applications. The following table provides the particulars of the patent applications under the Software and IP Portfolio.

Country	Application Number	Title	Filing Date	Publication Number	Publication Date
World Intellectual	PCT/US2019/045158	Computer Method and Appartus for	August 5, 2019	WO 2020/0288911	February 6, 2020

Country	Application Number	Title	Filing Date	Publication Number	Publication Date
Property Organization		Administering a Commodity Material Transaction via a Distributed Ledger			
United States	16/692,211	Automated Settlement Of A Provision Payment For A Commodity Using A Distributed Ledger	November 22, 2019	US 2020/0193540	June 18, 2020
United States	16/684,522	System and Method Of Authenticating Conformity To Specification Using A Distributed Ledger	November 14, 2019	US 2020/0193449	June 18, 2020
World Intellectual Property Organization	PCT/US2019/061863	System and Method Of Authenticating Conformity To Specification Using A Distributed Ledger	November 15, 2019	WO 2020/102760	May 22, 2020
United States	16/703,726	System and Computer Method for Trading a Commodity With Carry Costs	December 4, 2019	US 2020/0184558	June 11, 2020
United States	16/706,586	Method and GUI for Seller Determination of Delivery Location in a Commodity Trade	December 6, 2019	US 2020/0184546	June 11, 2020
United States	16/706,457	Method and GUI for Creating Fungibility in a Commodity	December 6, 2019	US 2020/0202434	June 25, 2020

Country	Application Number	Title	Filing Date	Publication Number	Publication Date
		Backed Exchange Trade Security			
United States	16/708,398	Method and GUI for Settlement of Commodity Contracts Denominated in Commodity Contract Tokens	December 9, 2019	US 2020/0184560	June 11, 2020
United States	16/708,264	Method and GUI for Creating Optionality in a Commodity Contract Settlement Price	December 9, 2019	US 2020/0184559	June 11, 2020
United States	16/708,405	Computer Method and GUI for Displaying a Reflexive Index Price From the Settlement of Commodity Contracts	December 9, 2019	US 2020/0219089	July 9, 2020
World Intellectual Property Organization	PCT/US2019/045170	Method and Appartus for Tokenization of a Natural Resource	August 5, 2019	WO 2020/028917	February 6, 2020
United States	16/708,377	Computer Method for Real Estate Futures Trading Using a Distributed Ledger and GUI	December 9, 2019	US 2020/018456	June 11, 2020

Marketing Plans and Strategies

Abaxx Tech Business Model

Abaxx believes there to be a significant market potential for new financial software services using next generation software architectures given the recent engineering advances and commercialization of DL/NLP, decentralized network computing, and secure internet identity and digital signatures using decentralized ssdID protocols. While these emerging software technologies have yet to reach critical-mass adoption phases, particularly in highly-regulated industries such as wholesale finance, the transformative nature of their potential to increase privacy and security, while accelerating the speed of global business through increased trust and automation, presents a multi-billion dollar business opportunity in selling and licensing first-mover software products.

In addition to the potential early mover advantages of developing innovative software and intellectual property for sales and licensing, the Company believes that the transformative nature of this architecture (“**Internet 3.0**”) presents an opportunity to gain new market share in large incumbent industries which may be slow to adopt new technology due to the complexity of replacing legacy systems, particularly in markets where network effects currently protect large oligopolistic incumbents such as centralized exchanges and marketplaces, and market data aggregators.

Abaxx has implemented a business strategy which seeks growth in two of the highest margin software-technology sectors over the past few decades, internet-based electronic-marketplaces, and software as a service (“**SaaS**”) sales and licensing. After developing and commercializing the Software and IP Portfolio for initial use in ACX, Abaxx intends to seek new markets to gain competitive market share growth, as well as licensing individual components of its core software services in market segments outside of energy and commodity trading. Software services that Abaxx has developed and seeks to license in 2021 and beyond include: identity and access management software for enterprises utilizing *ssdID*; end-to-end encrypted and financial service compliant messaging (including *DL/NLP* integration in messaging, voice and video calling); and financial workflow management software including cloud file and data storage, document e-signing, and secure digital custody.

Abaxx Tech Positive Feedback Loop Strategy with ACX

Entirely independent of the Abaxx software thesis, Abaxx recognizes a market opportunity for a new physical-commodity exchange and marketplace. Due to the highly regulated nature of this business, as well as the high-commercial connectivity to global banks and trading companies given the centralized nature of exchange and clearing market infrastructure, Abaxx believes it can establish market trust and adoption of its innovative financial software services via ACX implementation and internal client relationship-based distribution.

AbaxxID, Abaxx Verify, and ID++

Abaxx has also developed intellectual property targeting internet based identity, and identity and user management platforms, specifically targeting regulated financial institutions and the technology industry. Abaxx, in partnership with ArgosOperem LLC, a Non-Arm’s Length Party, is developing a specialized base-level internet protocol for individuals and corporate identity that leverages blockchain technology. Abaxx has termed this new internet protocol the *ID++* protocol.

A New Decentralized Finance Era is Emerging

Abaxx is a financial services software company developing and deploying the technological architecture for the next generation of digital commerce. The company was inspired by the inevitability of the adoption of applications that will inject efficiencies into the exchange and marketplace industries and beyond. The business of Abaxx is to inject new technologies into industries with defensible revenue models rather than attempting to invent new revenue models with unproven ROIs, by selling the technology to those incumbents in their industries. Abaxx’s experience and insight into the internal processes of price discovery, trade settlement and central clearing systems has enabled Abaxx to design applications specifically to accelerate the speed and security conditions of commodity trading.

The internet economy to date has been built on the TCP/IP protocol. In this centralized internet technology structure the value was captured in the upper application layers by companies including Google Inc., Amazon.com, Inc. and Facebook, Inc. These companies have been able to dominate this era of value creation not only with desirable, “free” utility disrupting the advertising industry, but by investing hundreds of billions in network architecture. The invention and achievement of critical mass in emerging technologies such as edge computing, multi-cloud middleware, and distributed and decentralized ledgers have enabled an opportunity to capture similar or more value in a new era in digital commerce. In Abaxx’s view many segments of the industry are inverting and decentralizing. The pillars of Abaxx’s technology strategy include *ID Deterministic States*, *Decentralized Data Stores*, *Fungible Digital Bearer Assets* and *Auto-Executing “Smart Contracts”*. Fundamentally, the Abaxx software suite (“**Abaxx Console**”) solves issues around digital identity through its patent-pending Abaxx Verify Authenticator (real-time AML/KYC), asset custody through its Abaxx Drive and Vault, and encrypted trading, settlement, and clearing. The resultant benefits to the industry are an evolution to a utopic *T+0* state, and encrypted trade execution at significantly lower costs than the current exchanges. While these software products are engineered to exceed the level of security required as a regulated financial institution, their utility have applications in a myriad of industries globally. Proving the utility natively in

ACX and among the financial services community effectively assigns a level of implied credibility in peripheral lucrative digital marketplace and exchange segments.

Competitive Conditions and Trends

Other than the normal speculative nature of licensing technology to early-stage technology companies and as otherwise noted herein, management of Abaxx is not aware of any trend, commitment, event or uncertainty either presently known or reasonably expected to have a material adverse effect on the business, financial condition or results of operations of Abaxx (or, following Closing, of the Resulting Issuer). There are no other current trends known to Abaxx's management that are likely to impact on Abaxx's operations or performance.

It is anticipated that Abaxx will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and experiences than Abaxx. Abaxx may not be able to license its technology on favourable terms or at all. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of Abaxx's operations.

See "Risk Factors".

Future Developments

Abaxx intends to achieve the following milestones during the next 12 months for its Software and IP Portfolio:

Milestone	Projected Completion	Estimated Cost (\$)
Beta Launch of Abaxx Console for Abaxx Internal Operations	November 2020	NA
Launch Abaxx Verify mobile application for iOS and Android	November 2020	NA
Launch AbaxxSign mobile application for iOS and Android	March 2021	170,000
Launch Abaxx Console Software as a Service for Members of ACX	March 2021	210,000
Deploy Abaxx Exchange Software Suite to ACX	January 2021	160,000
Initial online market campaign for ID++ vision, Abaxx Chat, Verify, and Sign	April 2021	500,000
Build enterprise sales team for Abaxx Verify and Abaxx Sign standalone applications	May 2021	50,000

Licensing Partners

ACX

On May 15, 2019, Abaxx Tech and ACX entered into the ACX MLA whereby ACX licensed the Licensed Software. The geographical territory of the exclusive license granted to ACX includes Singapore, Hong Kong, the People's Republic of China, all member states within the European Economic Community, the United Kingdom and the United States. Under the ACX MLA, in addition to receiving the Licensed Software, ACX also received the right for Abaxx Tech to provide Support Services. As consideration for the Licensed Software and the Support Services, ACX agreed to pay Abaxx Tech the ACX Royalty. See "Part III – Information Concerning the Target Company – General Development of the Business – History".

Pasig & Hudson

In partnership with Pasig & Hudson, Abaxx has developed digital identity intellectual property. Pasig & Hudson offers a gift card processing solution, Gifmo, which allows retailers to launch their own gift cards. Pasig & Hudson is also developing digital asset related products for the Philippines, trust networks, and a smart contract platform.

Operem

Abaxx's third intellectual property licensing vertical relates to intellectual property developed in partnership with Operem. Operem develops digital tools that manage intellectual property by allowing secure disclosure of patentable ideas, offering patent search services that identify conceptually similar patents, and by offering a smart contract builder.

Abaxx Exchange and Clearing (ACX) Business Model

Abaxx has invested significant time and resources in developing intellectual property rights for ACX, an energy and metals exchange and clearinghouse incorporated under the laws of Singapore on November 19, 2018 that deploys trading, settlement and clearing technology to provide a regulated marketplace for commodity futures contracts. Prior to the Effective Date, Abaxx controls 57.98% of the issued and outstanding ACX common shares, and a two percent (2%) royalty on gross revenue during the indefinite royalty term (the "**Royalty**"). On or before the Effective Date, Abaxx Tech expects to convert US\$7,500,000 in indebtedness under the ACX Convertible Debenture, thereby providing Abaxx with 81% control over ACX.

ACX is regulated under the *Securities and Future Act* (Singapore) (the "**SFA**"). Commencing operations of ACX is dependent upon receiving approval from the Monetary Authority of Singapore ("**MAS**") to be qualified as an Approved Holding Company, for Abaxx Exchange to receive approval as a recognized market operator ("**RMO**"). ACX also anticipates to apply to MAS to receive approval for Abaxx Exchange to be recognized as an Approved Exchange ("**AE**") and for Abaxx Clearing to receive approval to operate as an approved clearinghouse ("**ACH**"). On September 7, 2020, ACX received MAS approval-in-principle ("**AIP**") regarding Abaxx Exchange to be recognized as an RMO.

To operate as an RMO the following conditions of the AIP must be satisfied: (i) MAS must approve the indirect shareholders resulting from the Transaction (the holders of Resulting Issuer Shares); (ii) Abaxx Exchange shall have satisfied the requisite financial resource requirement, being a minimum non-redeemable base capitalization of SGD 600,000 as the date of this Disclosure Document; (iii) Abaxx Exchange shall have submitted and received MAS approval for a final product checklist; and (iv) Abaxx Exchange shall have completed other administrative conditions customary for recognition as an RMO.

ACX believes there to be a significant market potential for new physically-settled benchmark futures contracts for LNG, a new physically-settled gold futures contract to compete with the existing warehouse receipt futures traded currently, and other commodity futures needs that will emerge over the next decade as the global economy undergoes a great energy transition to reduce carbon emissions and consume from cleaner energy sources.

The business model of a commodity exchange is to match the supply and demand for price risk transfer through the listing of benchmark futures contracts. The notional value traded for a primary commodity's futures market can typically range from a factor of thirty to seventy times the notional value of the underlying physical commodity. The exchange typically takes a single basis point (or fraction of a basis point) fee of this notional contract value for matching each contract traded. A \$20,000 notional value commodity contract therefore might gross the exchange \$2.00 in revenue (\$1.00 of revenue for each side matched and executed), but may trade thousands, hundreds of thousands, or even millions of contracts on a single trading day.

The fees that ACX intends to charge its members are all-in transaction fees that are applied whenever a futures or options contract is purchased or sold. Such charges are applied by clearing members and passed through to the clearinghouse in monthly billing cycles. Members typically charge fees along with commissions at the point of transaction. Most global markets also have large revenue streams from data licenses sold to any party that subscribes to real time data. Most market operators waive data license fees for new products until some level of maturity is achieved.

The business model of a commodity clearinghouse is similar and related to the business of the exchange, where market participants pay the clearinghouse a commission on every contract traded for clearing and settling out the executed trades, as well as the import market function of overseeing risk and margin collateral while acting as a central counterparty to every trade in the market.

In addition to trade execution services, ACX may sell services related to data management, data distribution and analysis, or generate other service fees related to the underlying performance of market participants engaging in a central marketplace.

Modern exchanges often list thousands of products for their clients to trade. ACX intends to do the same, but intends to take a different approach to organizing markets than currently exists within the primary global energy market exchange groups. ACX believes in working with commercial industry stakeholders in a marketplace to generate fair and balanced rules and contracts which level the commercial playing field. ACX intends to remain independent in order to avoid conflicts of interest that arise when groups of market participants have undue influence on necessary reforms.

Highly-Regulated Industry

Abaxx's currently has dual applications in respect of Abaxx Exchange Pte. Ltd. ("**Abaxx Exchange**") becoming a recognized market operator ("**RMO**") and Abaxx Clearing Pte. Ltd. ("**Abaxx Clearing**") becoming an approved clearing house ("**ACH**") with the Monetary Authority of Singapore ("**MAS**"). Corporations establishing or operating a securities or derivative contract market must apply to be an approved exchange or RMO under the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"). Similarly, corporations establishing or operating a clearing facility must be a recognized clearing house or an ACH. The primary legislation governing the conduct of such activities is the SFA.

Both Abaxx Exchange and Abaxx Clearing are wholly-owned subsidiaries of ACX, which is also being reviewed by MAS to be an approved holding company. MAS is the omnibus central bank and primary financial regulatory authority in the Republic of Singapore. With regards to regulation of the financial markets, MAS administers the various statutes pertaining to money, banking, insurance, securities, and the financial sector. An approved holding company is required for any holding company of any ACH. As such, Abaxx Singapore Pte. Ltd. is currently being reviewed by MAS for this status and will be granted it upon the licensing of Abaxx Clearing as an ACH. The process to receive approval as an "Approved Holding Company" is subsumed as part of the ACH application process and is automatic upon completion thereof.

The following is a summary of the regulatory regime governing RMOs and ACHs.

Recognized Market Operator

As ACX requires MAS approval for Abaxx Exchange to receive approval to operate, an RMO applications has been submitted. On September 7, 2020, Abaxx Exchange received an approval-in-principal from MAS to be recognized as an RMO. Final approval from MAS for Abaxx Exchange to be recognized as an RMO is subject to satisfying the financial requirements of MAS (e.g. SGD 600,000 in unallocated assets) as well as submitting completed product checklists, which includes the specifications to the two LNG commodity futures contracts that will be launched on Abaxx Exchange (the "**LNG Futures Contract**"), with the intent to introduce further contracts at a later date. Rules for the LNG Futures Contracts have already been approved by MAS and Abaxx Exchange, including the specifications for the LNG Futures Contracts (e.g. risk profile, asset class, public policy concerns). To support the launch of Abaxx Exchange and the proper functioning of a market, ACX has developed the following policies and procedures, which MAS reviews and approves as part of the initial application and on an ongoing basis:

- a) Abaxx Exchange Rulebook;
- b) Bank Counterparty Policy;
- c) Model Validation Policy;
- d) Operational Risk Management Policy;
- e) Stress Test and Guaranty Fund Policy;
- f) Margin Setting Policy;

- g) Liquidity Risk Policy; and
- h) Collateral Management Policy.

As an RMO, Abaxx Exchange will have to operate as an organized market, meaning “*a place at which, or a facility (whether electronic or otherwise) by means of which, offers or invitations to exchange, sell or purchase derivatives contracts [or securities], are regularly made on a centralized basis . . .*” On an ongoing basis, a RMO must discharge the following obligations under the SFA.

- a) Operate a fair, orderly, and transparent market;
- b) Manage risks associated with its business and operations prudently;
- c) Not act contrary to the interests of the investing public;
- d) Maintain business rules and ensure compliance with its business rules;
- e) Maintain adequate governance arrangements for its market;
- f) Ensure sufficient financial, human and system resources;
- g) Employ fit and proper persons to key roles;
- h) Maintain proper record of transactions; notify any changes related to its operation;
- i) Make reports to MAS on regular basis;
- j) Assist MAS when required; and
- k) Maintain user information confidentiality.

Once ACX receives final approval for its application to be recognized as an RMO, ACX will operationalize Abaxx Exchange and begin to off LNG Futures Contract for trading, with subsequent contracts to follow.

Approved Clearinghouse

The ACH application’s timeline for approval-in-principal is still uncertain. For Abaxx Clearing to obtain ACH approval, MAS requires that Abaxx Clearing to demonstrate (i) the necessary directors and officers have been engaged and (ii) the ACH Capital Requirement (i.e. SGD 10,000,000 or \$9,700,000) has been satisfied. In respect of (i), Abaxx has proposed the requisite board composition and necessary financial controller, Chief Risk and Chief Regulatory officers to the MAS and are currently waiting for MAS review of these proposals. In respect of (ii), while Abaxx expects to raise these funds in ACX from founding market participants and Singapore-based investors and institutions, there is no assurance that ACX or Abaxx will be successful in raising the required funds to satisfy the ACH Capital Requirement. Abaxx Clearing’s ongoing contribution to the ACH default fund will depend on the overall level of risk and open interest in the markets it operates, and not expected to surpass the initial contribution over the next 18 months.

Clearing or settlement, as defined in Part II of the First Schedule to the SFA, comprises the chain of activities that immediately follows the execution of transactions between transacting parties to the point where the obligations of the transacting parties are discharged. The four main categories, of complementary activities include, as governed by MAS: (i) verification of trade details; (ii) substitution of credit through novation or otherwise (the clearing facility performing the role of a central counterparty becoming the buyer to every seller and the seller to every buyer); (iii) calculation of obligations; and (iv) settlement of obligations. Amongst other requirements, an ACH is expected to operate a safe and efficient clearing facility, which requires a comprehensive identification of risks, or risks associated with interdependencies of participants, as well as the ability to assess and effectively manage such risks. These risks include legal, credit, liquidity, general business, custody, investment, and operational risks. An applicant applying for approval for a clearing house is required to demonstrate that it is able to meet the obligations of, and comply with the requirements imposed by MAS and it is able to maintain a minimum base capital of at least SGD 10,000,000 or C\$9,700,000. Similar to the policies and procedures for Abaxx Exchange, Abaxx Clearing has developed all the necessary rules required to ensure the risks associated with clearing and settling have been mitigated.

Once the approval-in-principle for the ACH has been secured from MAS, and the funding is sufficiently certain, ACX will discuss the status of the ACH application and press MAS to provide a final timeline to completion. As of the date of this Disclosure Document, ACX has not received approval-in-principal for its application to have Abaxx Clearing recognized as an ACH.

Interim Third-Party Subcontracted U.S. Clearinghouse

To address the risk of regulatory inertia and delay in Singapore with respect to receiving its ACH license for Abaxx Clearing, ACX has evaluated numerous alternative paths to stand up its business without the regulatory approvals necessary to engage its target customers. The primary alternative path is to contract with an existing US clearinghouse that provides clearing and regulatory services for exchanges on an outsourced basis. This alternative would involve contracting with that clearinghouse and completing an application to operate as a Foreign Board of Trade (“**FBOT**”) in the US. This is the preferred path as the FBOT application is necessary if we progress as planned with and licensed ACH in Singapore.

ACX has engaged regulatory counsel to initiate the FBOT application for Abaxx Exchange and draft an agency agreement with one of the reputable clearinghouses that subcontract their clearing capabilities to third parties. ACX has established preliminary commercial terms with a US clearinghouse in order to evaluate associated costs in the context of the capital and operating budgets.

Initiating the FBOT process in the US establishes regulatory relationships necessary to proceed under the current and primary alternative paths and also would be helpful if, for whatever reason, Abaxx determined it would be best to domicile its business in the US. Abaxx continues to evaluate other alternative approaches to mitigate risks of regulatory delay with respect to obtaining the ACH license.

Material risks associated with the alternatives above include the potential that projected regulatory approval timelines in the US could change following the 2020 United States federal election. Changes to commercial terms offered by a previously identified US clearinghouse could also presents risks to the ACX launch strategy.

For costs related to contracting with an existing US clearinghouse see “*Part IV -Information Concerning the Resulting Issuer -Business Objectives and Milestones.*”

As of the date of this Disclosure Document, ACX has not made a definitive decision whether to proceed with a third-party US clearinghouse.

United States Regulatory Regime for FBOTs

The website of the US Commodity Futures Trading Commission (“**CFTC**”) states that, “Foreign boards of trade that wish to provide their members and other participants located in the U.S. with direct access to their electronic trading and order matching systems must register with the Commission and receive an Order of Registration pursuant to the procedures contained in Part 48 of the Commission’s regulations.” Part 48 regulations provide, amongst other things, registration procedures, requirements for registration and conditions for registration. Abaxx Exchange intends to submit the application known as Form FBOT seeking such an order from the CFTC and refer to a relationship with an existing US Derivative Clearing Organization with which it has contracted to perform clearing services.

As stated in its registration procedures listed in CFTC Regulation 48.5 and summarized here, the CFTC will consider if an applicant is eligible to be registered as a Foreign Board of Trade, whether the applicant and its clearinghouse are subject to appropriate “comprehensive supervision and regulation by the appropriate governmental authorities” comparable to that of the CFTC and whether the applicant has adequately demonstrated it meets CFTC requirements.

CFTC requirements applicable to the Abaxx Exchange as an FBOT applicant include:

- a) members of the applicant and its clearing provider must meet fit and proper standards;
- b) the applicant must be able to enforce provisions to minimize and resolve conflicts of interest;
- c) the applicant must create and enforce rules prohibiting disclosure of material non-public information;
- d) the applicant must develop and maintain a trading system that:
 - i. complies with Principles for the Oversight of Screen-Based Trading Systems for Derivative Products developed by the Technical Committee of the International Organization of Securities Commissions; and
 - ii. matches trades fairly and timely, maintains an audit trail that includes all relevant data, distributes appropriate trade data to market participants and the public, and provides reliable, secure and protected access to users.

- e) the applicant must have adequate provision for emergency operations, disaster recovery and protections against data loss.
- f) the CFTC also requires that the contracts traded are cleared futures, options or swaps contracts that would be eligible to be traded on a designated contract market which are not prohibited from being traded by US persons and are not readily susceptible to manipulation.
- g) the applicant must also demonstrate that its chosen clearing organization can meet the applicable requirements applicable which are generally those required of a registered US Designated Clearing Organization. Abaxx intends to utilize the services of a DCO that maintains a registration in good standing with the CFTC.
- h) Lastly, the applicant must demonstrate that its primary regulator has engaged in appropriate international information sharing and cooperation arrangements.

Based on the policies and procedures drafted by Abaxx Clearing for the purposes of its ACH application with MAS, in tandem with the policies and procedures prepared by the regulated US clearinghouse that Abaxx Clearing will initially subcontract the clearing functions to, ACX believes that Abaxx Clearing will satisfy the FBOT requirements. ACX intends to receive FBOT approval within the 2021 fiscal year.

See “Part III – Information Concerning the Target – Narrative Description of the Business – Abaxx Exchange and Clearing (ACX)”.

Abaxx Controlling Interest in ACX

Immediately prior to the Effective Time, Abaxx controlled 57.98% of the issued and outstanding ACX Shares. At the Effective Time, Abaxx converted the ACX Convertible Debenture, which represented US\$7,500,000 principal indebtedness, into ACX Shares at a price of \$1.00 per ACX Share. Following the conversion of the ACX Convertible Debenture, Abaxx controls approximately 81% of the issued and outstanding ACX Shares. As consideration for the ACX Assignment Agreement, ACX and Abaxx Tech entered into the ACX Royalty. Under the terms of the ACX Royalty Agreement, ACX granted to Abaxx Tech a two percent (2%) royalty on gross revenue during the indefinite royalty term. Under the ACX Royalty Agreement, Abaxx Tech has the right to increase the ACX Royalty to three percent (3%) of gross revenues upon the payment of US\$10,000,000 within five years from date thereof.

As a condition of Closing, the ACX Shareholders entered into the ACX Shareholders’ Agreement. Under the ACX Shareholder Agreement, ACX and the ACX Shareholders agreed to the following terms: (a) ACX granting preemptive rights to each ACX Shareholder prior to the issuance of any voting ACX Shares; (b) ACX Shareholders providing a right of first refusal to other ACX Shareholders prior to any transfer of ACX Shares; (c) “tag along” rights granted to ACX Shareholders whereby any third party offer for ACX Shares must provide an offer to all ACX Shareholders; (d) “drag along” rights granted to ACX Shareholders whereby if fifty percent (50%) of issued and outstanding ACX Shares accept an offer for ACX Shares, all ACX Shareholders can participate in the offer on the same terms; and (e) upon certain “buy-out events”, the ACX Shareholder triggering the “buy-out event” must surrender their ACX Shares for purchase to other ACX Shareholders.

As at the date of the ACX Shareholder Agreement, ACX had three directors, with Abaxx Technologies Corp. and P.A.C.E. Pan Asia Clearing Enterprises Limited having the ability to nominate one (1) director of ACX under the ACX Shareholder Agreement, and Joshua Crumb retaining a nomination right for a second director.

ACX Principal Products

ACX, through its operating subsidiaries Abaxx Exchange and Abaxx Clearing, will offer a commodity trading ecosystem that will facilitate the buying and selling of short-to-long term energy and metals contracts.

Through its operating subsidiaries, ACX believes it has developed an optimal marketplace for energy and metals contracts for three main reasons: (a) ACX has built a transparent execution venue, seeking a regulated market operator status from MAS, that utilizes Abaxx technology and serves the price discovery needs of the marketplace; (b) Abaxx Exchange has developed a futures contract for LNG that standardizes the terms of trade and allows for efficient price discovery and risk transfer; and (c) Abaxx Clearing has developed a central counterparty clearinghouse regulated by MAS that mitigates risks between buyers and sellers of commodities.

Market Trends for ACX

The global LNG trading volume has cumulative average growth rate of 18.7%. Abaxx believes an electronic marketplace focusing on energy and metals capitalizes on the following macro-economic developments: (a) LNG is inexpensive, as the entire forward curve of prices is below US\$3.00; (b) LNG is a cleaner burning fossil fuel compared to coal, allowing Asian countries that are net-importers of energy the opportunity to reduce the ecological footprint of their energy demand as LNG produces virtually zero mercury, arsenic, sulfur dioxide, nitrogen dioxide and ash; and (c) there are abundant global supplies of LNG allowing for a lucrative market for many years to come. With China becoming the world's top importer of natural gas and significant growing demand from India and Southeast Asia, Abaxx believes that the demand for an electronic marketplace for LNG will continue to grow. As LNG currently does not have a reliable benchmark price, Abaxx believes it can create an electronic marketplace that provides price transparency to buyers of LNG contracts.

The price discovery markets for important global commodities including crude oil (West Texas Intermediate, Brent Crude and other benchmark grades), natural gas (Henry Hub, TTF, NBP and other gas benchmarks), refined gold (COMEX GC, SHFE Gold, etc.), refined copper (LME Copper, COMEX Copper, SHFE Copper, etc.) all trade hundreds of thousands or millions of contracts every day, earning millions or hundreds of millions in gross revenue every year for the primary exchanges that list these contracts. Based on the growing notional value of the spot market for trading physical LNG, ACX believes there to be a large and growing market for the price risk transfer of a benchmark LNG contract that can grow into the size of these other important global commodities currently traded.

ACX Marketing Strategy

The go-to-market strategy involves marketing to and onboarding new exchange trading members through a combination of direct sales, online advertising, trade shows, blogs, public relations and social media activities. ACX currently employs salespersons, advisors and consultants in Asia, North America and Europe with deep experience and relationships with ACX target clients.

ACX Strategic Partnerships

ACX pursues strategic partnerships with commercial producers, consumers, and merchant traders of the commodities Abaxx intends to create markets for, as well as established finance and investment industry companies active in the commodity trading ecosystem. ACX has also developed trade incentive programs tailored for commercial users, voice brokers, and financial institutions to become early adopters of the exchange.

Acquisitive Growth

ACX may consider growth by acquisition of businesses, or contract markets that are complementary to ACX's existing business and are accretive to shareholder value.

ACX Product Development

ACX intends to work with market participants to develop innovative solutions that meets the commercial needs of clients. With foundational LNG contracts and derivative market products in place, ACX intends to develop other benchmark products that serve the risk management needs of clients across the broader commodity market spectrum. ACX intends to assess market needs in both local markets across Asia, as well as international markets poised for change and underserved by legacy physical price benchmarks or low physical performance survey indexes. Further, ACX intends to develop contracts in line with emerging Environmental, Social and Governance ("ESG") standards being set across the industries it serves. The principles of ACX product development are as follow: work with commercial market participants to develop solutions that meet a commercial need in the market; physically settled commodity futures are the most trusted benchmarks; develop contract and marketplace rules that are knowable, sensible, and commercially reasonable; find ways to facilitate competition; reduce costs for stakeholders.

ACX Specialized Skill and Knowledge

Most aspects of ACX's business require specialized skill and knowledge. Such skills and knowledge include commodity market structure, exchange operations, market risk analysis, marketing within a trader ecosystem, financial

software systems and data management, and regulatory compliance. ACX meets its needs for such specialized skills and knowledge through the expertise of its directors, officers, and employees. To the extent that additional specialized skills and knowledge are required, the Company retains outside consultants.

ACX Competitive Conditions

As a commodity marketplace, the competitors of ACX will be both established exchanges, as well as start-ups that are attempting to penetrate the LNG and other commodity marketplaces. The following companies are competitors to ACX:

- CME Group Inc.
- Intercontinental Exchange, Inc.
- GLX Pte. Ltd.

Operations

ACX currently relies on 11 employees and 8 contractors/consultants/advisors to commercialize. Once fully operational and generative revenue, ACX expects to hire increased staff to assist in scaling the business.

ACX relies on the Software and IP Portfolio licensed by Abaxx Tech to operationalize a commodity marketplace for futures contracts. Under the ACX MLA, the license to the Licensed Software is for an initial one (1) year term with successive automatic annual renewals.

ACX has hired key executive roles with decades of experience building and operating key markets at some of the largest global exchanges, both in region and globally. Key roles in place include President of ACX, Chief Risk Officer, Chief Commercial Officer, Managing Director of the Exchange, Head of Operations, Head of Clearing Operations, Head of Exchange Operations, Vice President of Corporate Development, and Vice President of Human Resources. Remaining executives have been identified for the roles of Chief Regulatory Officer and ACX Senior Comptroller, with expected start dates in early 4Q-2020. Mid-level manager hiring and operating analyst hiring will take place over the second half of 2020.

Future Developments

Abaxx intends to achieve the following milestones during the next 12 months, investing approximately \$4,000,000 into ACX until the launch of the exchange (see “*Summary of Disclosure Document – Available Funds and Principal Purposes*”):

Milestone	Projected Completion
Initiate FCM & Exchange Member Signup, Incentive Program	Ongoing
Complete ISV software development	February 2021
Complete initial FCM technical integration	March 2021
Completion Testing of Exchange and Clearing Software	February 2021
Exchange Member Technical Integration Testing	March 2021
Initiate Full Operational Hiring & Training	January 2021
Raise Regulatory Capital for Minimum Default Funds ⁽¹⁾	March 2021
Achieve Final Regulatory Approval of ACH, Launch Exchange	May 2021

Notes:

(1) ACX will require an additional SGD 10,000,000 (CAD \$9,700,000) from equity capital to be set aside by Abaxx Clearing as a minimum contribution to the ACH Capital Commitment. Abaxx expects to raise these funds in ACX from founding market participants and Singapore-based investors and institutions, but no assurance can be currently made that Abaxx will be successful in raising these funds. Abaxx Clearing’s ongoing contribution to the ACH Capital Commitment will depend on the overall level of risk and open interest in the markets it operates, and not expected to surpass the initial contribution over the next 18 months.

Proprietary Protection

ACX’s technology and intellectual property is licensed from Abaxx Tech and developed in-house. See “*Part III – Information Concerning the Target – Narrative Description of the Business – Software and IP Portfolio*” for more details. Most aspects of the ACX software and systems IP will be licensed and developed by Abaxx Tech and other third-party vendors and software developers. However, ACX develops proprietary products and intellectual property in and around the contracts and market structure of its commodity benchmark products, as well as within its risk and compliance operations and procedures. ACX takes great efforts through non-disclosure and non-compete agreements with employees, contractors, and client participants to protect its proprietary products through product development. In line with other highly regulated financial market infrastructure developers, ACX operates with strong internal governance standards and rigorous data protection policies that help Abaxx meet regulatory requirements, as well as protecting and retaining operating knowhow and proprietary trade secrets.

On May 15, 2019, Abaxx Barbados and ACX entered into the ACX MLA whereby ACX licensed certain intellectual property relating to computer software products and applications developed by Abaxx Barbados (the “**Licensed Software**”). See “*Part III – Information Concerning the Target – Narrative Description of the Business – History*” for further description of the ACX MLA.

Lending

Following the Abaxx Debenture Conversion and Completion of the Transaction, Abaxx will not rely on any credit facilities and will have no outstanding loans. There have been no bankruptcy or receivership or similar proceedings involving Abaxx or any related entities nor have there been any material reorganizations of Abaxx since incorporation.

Following conversion of the ACX Convertible Debenture, ACX and Abaxx Tech intend to enter into promissory note arrangement to allow Abaxx to continue to fund the development of ACX Exchange and ACX Clearing.

Foreign Jurisdiction Risk

As ACX is operated in Singapore, there are varying degrees of political, economic and other risks and uncertainties in a foreign jurisdiction. In particular, the ACX's business objectives may be affected by the local and governing political and economic developments including and not limited to: expropriation of property including intellectual property rights, invalidation of government orders, permits or agreements to operate, political unrest, labour disputes, limitations on repatriation of earnings, limitation on foreign ownership, inability to obtain or delays in obtaining necessary approvals, licenses, permits, or authorizations, government participation, royalties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies.

Royalty revenue flowing from ACX may also be adversely affected by the laws and policies of Canada affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with ACX operating in Singapore while its ultimate parent company is domiciled in Canada, Abaxx may be subject to the exclusive jurisdiction of foreign courts and may not be successful in subjecting foreign persons to the jurisdiction of courts of Canada or enforcing Canadian judgments in other jurisdictions. Abaxx may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the operations of ACX in Singapore could be substantially affected by factors beyond the ACX's control.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Annual Information

The following table sets forth selected historical financial information for Abaxx for the period ended December 31, 2019 and the period from January 25, 2018 to December 31, 2018.

Income Statement Data (C\$ in thousands)	Year ended December 31, 2019 (audited)	January 25, 2018 to December 31, 2018 (audited)
Total revenues	Nil	Nil
Operating Expenses	\$10,448,074	\$4,428,910
Net (Loss) and Comprehensive Loss	\$10,846,280	\$4,023,649

Balance Sheet Data (C\$ in thousands)	Year ended December 31, 2019 (audited)	January 25, 2018 to December 31, 2018 (audited)
Current Assets	\$1,900,985	\$2,218,154
Total Assets	\$5,534,695	\$6,054,637
Total Liabilities	\$7,199,592	\$295,966
Shareholders' Equity	\$(1,664,897)	\$5,758,671

Management's Discussion and Analysis

Abaxx's MD&A for the financial year ended December 31, 2019 and the period from January 25, 2018 to December 31, 2018 is attached hereto as Schedule B-2. This discussion should be read in conjunction with the financial statements of Abaxx for such periods, copies of which may be found attached hereto as Schedule B-1.

Certain information included in Abaxx's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying

assumptions prove incorrect, actual results may vary significantly from those expected. See “*Forward-Looking Statements*” for further details.

Description of Securities

The authorized share capital of Abaxx consists of an unlimited number of Abaxx Common Shares of which 53,018,214 Abaxx Common Shares are issued and outstanding as fully paid and non-assessable and 2,830,000 Abaxx Preference Shares immediately prior to the Effective Time. An additional 11,146,027 Abaxx Common Shares are issuable, without further action or condition, immediately prior to the Effective Time pursuant to the Business Combination, on conversion of: (i) the Abaxx Preference Shares; and (ii) the principal sum and all accrued unpaid interest under the Abaxx Convertible Debentures.

In addition, as immediately prior to the Effective Time, there are an aggregate of 906,113 Abaxx Common Shares issuable upon the due exercise of all outstanding Abaxx Warrants and an aggregate of 3,496,334 Abaxx Common Shares issuable upon the due exercise of all outstanding Abaxx Options.

Abaxx Common Shares

Holders of Abaxx Common Shares are entitled to receive notice of and to attend all meetings of the Abaxx Shareholders and shall have one vote for each Abaxx Common Share held at all meetings of the Abaxx Shareholders. Abaxx Shareholders are entitled to (a) receive any dividend as and when declared by the Abaxx Board out of the assets of Abaxx properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of Abaxx (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of Abaxx. The Abaxx Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do the provisions relating thereto contain any sinking or purchase fund provisions or provisions requiring a security holder to contribute additional capital. The articles of Abaxx do not contain any provisions restricting the issuance of additional securities or any other material restrictions.

Abaxx Preference Shares

Holders of Abaxx Preference Shares are not entitled to receive notice of, to attend, or to vote at meetings of Abaxx Shareholders, except as specifically provided for under the CBCA. Holders of Abaxx Preference Shares are entitled to (a) receive any dividend as and when declared by the Abaxx Board out of the assets of Abaxx properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of Abaxx (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of Abaxx. In the event of a Liquidity Event, the Abaxx Preference Shares will automatically convert into Abaxx Common Shares.

The Transaction constitutes a Liquidity Event, and as a result, 2,830,000 Abaxx Common Shares will be issued upon the automatic conversion of 2,830,000 Abaxx Preference Shares. The Abaxx Preference Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do the provisions relating thereto contain any sinking purchase fund provisions or provisions requiring a securityholder to contribute additional capital. The articles of Abaxx do not contain any provisions restricting the issuance of additional securities or any other material restrictions.

Abaxx Convertible Debentures

The Abaxx Convertible Debentures are unsecured convertible debentures of Abaxx. The Abaxx Convertible Debentures bear interest at a rate of 8.0%, which accrues quarterly. Abaxx is required to pay such interest in kind upon conversion through the issuance of Abaxx Common Shares at the Conversion Price. The Abaxx Convertible Debentures were originally due on the date that was two (2) years from the date of issuance of such securities. The holders of the Abaxx Convertible Debentures have the right, in their sole and absolute discretion, up until a date that is two years from the date of issuance, to convert the principal sum outstanding under the Abaxx Convertible Debentures, including any accrued and unpaid capitalized interest, into fully-paid and non-assessable Abaxx Common Shares at the Conversion Price then in effect. As of the Effective Time, Abaxx has received exercise notices from each of the holders of the Abaxx Convertible Debentures, whereby each holder requests the exercise of their Abaxx Convertible Debenture to occur immediately prior to the Effective Time. Abaxx will issue 8,316,027 Abaxx Common

Shares upon conversion of the principal sum and accrued and unpaid interest outstanding under the Abaxx Convertible Debentures in connection with the Transaction.

Abaxx Warrants

Holders of Abaxx Warrants are entitled to choose between receiving (a) 0.203 Resulting Issuer Shares for each Abaxx Warrant held, subject to adjustments in certain circumstances, in accordance with the Definitive Agreement; or (b) 0.809 Resulting Issuer Warrants, which shall carry the same terms and conditions as the Abaxx Warrants, subject to the Exchange Ratio. Prior to the automatic conversion into Resulting Issuer Shares, holders of Abaxx Warrants may exercise their Abaxx Warrants at any time after the date of issuance until December 31, 2020 at price of \$2.00 per Abaxx Common Share. Holders of Abaxx Warrants electing to receive 0.203 Resulting Issuer Shares will receive a total of 72,695 Resulting Issuer Shares at the Effective Time.

See “Part I – The Transaction” for further information regarding the automatic conversion of the Abaxx Warrants.

Abaxx Options

The following table sets out the outstanding Abaxx Options immediately prior to the Effective Time:

Name (Position with Abaxx)	Number of Abaxx Common Shares Underlying Abaxx Options	Exercise Price per Abaxx Common Share (\$)	Expiry Date
Joshua Crumb (Director, CEO and Promoter)	125,000	\$0.40	October 1, 2023
	125,000	\$1.00	October 1, 2023
Dan McElduff (President of ACX)	166,000	\$0.40	October 1, 2023
	100,000	\$1.00	October 1, 2023
	9,000	\$0.40	February 1, 2024
Joe Raia (Chief Commercial Officer of ACX)	120,000	\$0.55	April 1, 2025
	80,000	\$0.80	June 1, 2025
Mason Wallick (Director of ACX)	100,000	\$0.40	October 1, 2023
Aamer Siddiqui (CFO)	50,000	\$1.00	October 1, 2023
Dennis Peterson (Director)	66,000	\$0.40	October 1, 2023
	125,000	\$1.00	October 1, 2023
Consultants and Employees of Abaxx and Affiliates	619,334	\$0.40	October 1, 2023
	376,000	\$0.40	February 1, 2024
	600,000	\$1.00	October 1, 2023
	160,000	\$1.00	February 1, 2024
	66,666	\$1.00	April 1, 2025

Name (Position with Abaxx)	Number of Abaxx Common Shares Underlying Abaxx Options	Exercise Price per Abaxx Common Share (\$)	Expiry Date
	533,334	\$0.55	April 1, 2025
	75,000	\$0.80	June 1, 2025
TOTAL:	3,496,334		

Notes:

- (1) Each Abaxx Option granted is exercisable for a period of five (5) years from the date of the grant. The Abaxx Options shall vest in 33.3% increments, starting on the date of grant, and each subsequent vesting to occur on the anniversary of the grant date.

The Transaction will not constitute a Change of Control under the Abaxx SOP. In connection with the Transaction, all outstanding Abaxx Options will be exchanged for Resulting Issuer Options and will be governed by the terms and conditions of the New Option Plan.

Consolidated Capitalization

The following table sets forth the capitalization of Abaxx as at the dates indicated:

Designation of Security	Amount authorized or to be authorized	Amount outstanding as of June 30, 2020 ⁽¹⁾	Amount outstanding immediately prior to Closing ⁽²⁾
Abaxx Common Shares	Unlimited	45,374,891	53,018,214
Abaxx Preference Shares	Unlimited	2,830,000	2,830,000
Abaxx Convertible Debentures	N/A	US\$3,250,000 plus accrued interest	US\$3,250,000 plus accrued interest
Abaxx Warrants	N/A	1,056,113	906,113
Abaxx Options	10% of issued and outstanding Abaxx Common Shares	3,496,334 ⁽³⁾	3,496,334

Notes:

- (1) As at June 30, 2020, Abaxx had an accumulated deficit of \$(14,782,286).
- (2) Immediately prior to the Effective Time, there were 906,113 Abaxx Warrants, 3,496,334 Abaxx Options, and US\$3,250,000 aggregate principal amount plus accrued interest of Abaxx Convertible Debentures issued and outstanding.
- (3) See “Information Concerning the Target Company – Description of Securities – Abaxx Options” for a complete description of the exercise prices and expiry dates for all issued and outstanding Abaxx Options.

The following table sets forth the capitalization of ACX as at the dates indicated:

Designation of Security	Amount authorized or to be authorized	Amount outstanding as of June 30, 2020	Amount outstanding immediately prior to Closing
ACX Shares	Unlimited	6,036,751	13,536,751 ⁽¹⁾
ACX Convertible Debentures	N/A	US\$7,500,000	Nil ⁽¹⁾
ACX Options ⁽²⁾	N/A	1,035,000 ⁽³⁾⁽⁴⁾	1,035,000

Notes:

- (1) Immediately prior to the Effective Time, there were 13,536,751 ACX Shares issued and outstanding, of which approximately 7,500,000 ACX Shares were issued upon conversion of the ACX Convertible Debentures.
- (2) ACX intends to implement incentive stock option plans for both key employees and FCMs, whereby 10% of the issued and outstanding ACX Shares on the Effective Date will be reserved for the issuance to key management, employees and consultants of ACX and another 10% of the issued and outstanding ACX Shares on the Effective Date will be reserved for the FCMs to encourage participation in Abaxx Exchange and Abaxx Clearing.
- (3) Immediately prior to the Effective Time, ACX has issued the following ACX Options: (a) 200,000 ACX Options granted to Dan McElduff, President of ACX, on May 1, 2019 and expiring on May 1, 2024, whereby the ACX Options are exercisable for US\$0.40 per ACX Share. 50,000 ACX Options vested to Mr. McElduff on May 1, 2019, with 50,000 ACX Options vesting on February 28, 2021 and 100,000 ACX Options vesting on February 22, 2022; (b) 200,000 ACX Options granted to Joe Raia, Chief Commercial Officer of ACX, on December 20, 2019 and expiring on December 20, 2024, whereby the ACX Options are exercisable for US\$1.00 per ACX Share. 50,000 ACX Options vested to Mr. Raia on December 20, 2019, with 50,000 ACX Options vesting on September 30, 2020 and 100,000 ACX Options vesting on December 31, 2021; (c) 120,000 ACX Options granted to Ryan Ingram, Chief Risk Officer of ACX, on August 1, 2020 and expiring on August 1, 2025, whereby the ACX Options are exercisable for US\$1.00 per ACX Share. 30,000 ACX Options vested to Mr. Ingram on August 1, 2020, with 30,000 ACX Options vesting on January 1, 2021, 30,000 ACX Options vesting on August 1, 2021; and 30,000 ACX Options vesting on January 1, 2022; and (d) 515,000 ACX Options

granted to twelve (12) employees and consultants of ACX, whereby (i) 160,000 ACX Options were granted carrying an exercise price of US\$0.40 with expiry dates varying from January 9, 2023 and September 13, 2024; (ii) 255,000 ACX Options were granted carrying an exercise price of US\$1.00 with expiry dates ranging from January 14, 2024 to June 10, 2024; and (iii) 100,000 ACX Options were granted carrying an exercise price of US\$0.75 with an expiry date of January 9, 2024.

- (4) Following Closing, all issued and outstanding ACX Options will remain outstanding at the ACX-level.

Prior Sales

The table below sets forth for the 12-month period prior to the Effective Time details of the price at which securities have been or are to be issued by Abaxx, the number of securities issued at that price and the date on which the securities were issued.

Date	Type of Security	Number of Securities	Issue/Exercise Price Per Security	Reason for Issue
December 23, 2019	Abaxx Convertible Debenture	US\$2,000,000 aggregate principal amount of Abaxx Convertible Debenture	US\$2,000,000 ⁽¹⁾	Private Placement to raise proceeds for general corporate purposes
January 3, 2020	Abaxx Convertible Debenture	US\$1,000,000 aggregate principal amount of Abaxx Convertible Debenture	US\$1,000,000 ⁽¹⁾	Private Placement to raise proceeds for general corporate purposes
May 15, 2020	Abaxx Convertible Debenture	\$250,000 aggregate principal amount of Abaxx Convertible Debenture	\$250,000 ⁽¹⁾	Private Placement to raise proceeds for general corporate purposes
July 24, 2020	Abaxx Common Shares	1,284,375	\$0.80	Private Placement to raise proceeds for general corporate purposes ⁽²⁾
July 31, 2020	Abaxx Common Shares	1,319,500	\$0.80	Private Placement to raise proceeds for general corporate purposes ⁽²⁾
September 11, 2020	Abaxx Common Shares	3,880,145	\$0.80	Private Placement to raise proceeds for general corporate purposes ⁽²⁾

Date	Type of Security	Number of Securities	Issue/Exercise Price Per Security	Reason for Issue
September 11, 2020	Abaxx Common Shares	300,000	\$0.80	Compensation under consulting agreements
December 14, 2020	Abaxx Common Shares	521,803	\$0.80	Compensation provided for debt settlements with consultants and service providers
December 14, 2020	Abaxx Common Shares	187,500	\$0.80	Compensation provided to Sponsor for advisory and sponsorship work

Notes:

- (1) The Abaxx Convertible Debentures were converted into Abaxx Common Shares on the Effective Date, at a price of \$0.55 per Abaxx Common Share.
- (2) These Abaxx Common Shares were issued as part of the Pre-Listing Abaxx Financing that was completed through various tranches that closed between July 24, 2020 and September 11, 2020.

Stock Exchange Price

There is no public market for Abaxx's securities. The Abaxx Common Shares and Abaxx Preference Shares are not, and have not been, posted for trading on any stock exchange.

Executive Compensation

Compensation Discussion and Analysis

The Board performs the duties of a compensation committee, as it has not yet established a formal compensation committee. The Board is also responsible for reviewing and approving the compensation of executive officers. Abaxx currently has three (3) directors.

The purpose of this Compensation Discussion and Analysis ("**CD&A**") is to provide information about the Abaxx executive compensation philosophy, objectives, and processes and to discuss compensation decisions relating to Abaxx's senior officers, being the three identified NEOs during Abaxx's most recently completed financial year, ended December 31, 2019 (the "**Last Financial Year**"). The NEOs who are the focus of the CD&A and who appear in the compensation tables of this Disclosure Document are: Joshua Crumb (CEO), Aamer Siddiqui (CFO), John Knorring (former CEO of ACX), Dan Crandall (former CFO of Abaxx), Jeffrey Lipton (Legal Advisor of Abaxx Tech), Dan McElduff (President, ACX) and Dennis Peterson (Corporate Secretary, Abaxx).

Abaxx is presently in its early stages and does not expect to be generating revenues from operations in the foreseeable future. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Board to be appropriate in the evaluation of corporate or NEO performance. The compensation of senior officers is also based, in part, on trends in the technology industry as well as achievement of Abaxx's business plans. The Board did not establish any quantifiable criteria during the Last Financial Year with respect to base compensation payable or the amount of equity compensation granted to NEOs and did not benchmark against a peer group of companies.

Abaxx adopted the Abaxx SOP on October 1, 2018 and the Abaxx SOP is Abaxx's only equity compensation plan. The Abaxx SOP is a rolling stock option plan, pursuant to which 10% of the outstanding Abaxx Common Shares at any given time are available for issuance thereunder. The purpose of the Plan is to promote the profitability and growth of Abaxx by facilitating the efforts of Abaxx and its subsidiaries to attract and retain directors, senior officers, employees, management company employees and consultants. The Plan provides an incentive for and encourages ownership of the Abaxx Common Shares by such persons to induce them to make a maximum contribution to Abaxx's success and to benefit from increases in the value of the Abaxx Common Shares.

The grant of options pursuant to the Abaxx SOP has been an integral component of the compensation arrangements of the senior officers of Abaxx. Abaxx Options are awarded from time to time to directors, officers, employees and consultants by the Board. Decisions with respect to Abaxx Options granted are based upon the individual's level of responsibility and their contribution and incentivization towards the Abaxx's goals and objectives, and additionally may be awarded in recognition of the achievement of a particular goal or extraordinary service.

Except as indicated in the table "Summary of Compensation" below, no share-based awards and option-based awards have been given to any of the directors or officers of Abaxx, Abaxx Tech or ACX during the period ended December 31, 2019, or at any time from December 31, 2019 to the date of this Disclosure Document. At the date of this Disclosure Document, there are 3,496,334 issued and outstanding Abaxx Options.

Under the option-based, share-based or non-equity incentive compensation, Abaxx has vested the following compensation securities: 4,500,000 Abaxx Compensation Warrants to Joshua Crumb, exercisable at \$0.15 until March 31, 2019. For a complete description of all issued and outstanding Abaxx Options issued to directors, officers, employees and consultants of Abaxx, Abaxx Tech and ACX, please refer to "*Information Concerning the Target Company – Description of Securities – Abaxx Options*".

Abaxx is not a party to any contract, and does not maintain any plan, in accordance with which any of its directors or officers is eligible for any compensation or other benefit in the event of Change of Control of Abaxx or in the event of change of responsibility of such director or officer, except as provided for under "*Part III – Information Concerning the Target Company – Executive Compensation*", above.

At no time during the period ended December 31, 2018 or at any time from December 31, 2018 to the date of this Disclosure Document has any director of Abaxx received any compensation, except as indicated in the table above.

Pension Disclosure

Abaxx does not maintain any defined benefit, contribution, or pension plans and no officer or director of Abaxx was eligible for any payments or other benefits in connection with retirement under any defined benefit, contribution, or pension plan from incorporation to the date of this Disclosure Document.

Management Contracts

Abaxx entered into a consulting agreement (the "**CFO Agreement**") with Marrelli Support Services Inc. ("**MSSI**") and Mr. Aamer Siddiqui dated January 15, 2019 whereby Mr. Aamer Siddiqui of MSSI was to act as chief financial officer of Abaxx in consideration of a monthly fee of \$1,250 plus disbursements until a "going-public event". After the "going public event", the consideration paid to MSSI will increase to \$2,500 plus disbursements per month. A "going public event" is described under the CFO Agreement as either (i) an initial public offering by Abaxx; (ii) completion of a Transaction with a CPC on the Exchange; (iii) a merger, Business Combination, reorganization, consolidation or plan of arrangement of Abaxx with a reporting issuer in Canada or a reporting company in the United States or a public entity in a jurisdiction outside of Canada and the United States. The CFO Agreement allows either Abaxx or MSSI to terminate the agreement upon 30 days' written notice to the other party.

Director and named executive officer compensation, excluding compensation securities

Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation
Joshua Crumb ⁽¹⁾ <i>President, CEO and Former Executive Director of Abaxx</i>	2019	\$90,000	\$nil	\$nil	\$nil	\$nil	\$90,000
	2018	\$65,600	\$nil	\$nil	\$nil	\$1,350,550 ⁽²⁾	\$1,275,850
Zachary Bennett ⁽³⁾ <i>Former President and CEO, Former Director</i>	2019	\$193,965	\$nil	\$nil	\$nil	\$nil	\$193,965
	2018	\$187,606	\$nil	\$nil	\$nil	\$88,750 ⁽⁴⁾	\$187,606
Aamer Siddiqui ⁽⁵⁾ <i>Chief Financial Officer</i>	2019	\$37,976.36	\$nil	\$nil	\$nil	\$17,250 ⁽⁶⁾	\$37,976.36
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Daniel Crandall ^{(7),(8)} <i>Former Chief Financial Officer</i>	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	\$36,879.30	\$nil	\$nil	\$nil	\$nil	\$36,879.30
John Knorring ⁽⁹⁾ <i>Former CEO, ACX</i>	2019	\$1	\$nil	\$nil	\$nil	\$100,000	\$100,001
	2018	\$75,000	\$nil	\$nil	\$nil	\$177,500 ⁽¹⁰⁾	\$252,500
Dan McElduff ⁽¹¹⁾ <i>President, ACX</i>	2019	\$90,000	\$nil	\$nil	\$nil	\$6,750 ⁽¹²⁾	\$90,000
	2018	\$52,500	\$nil	\$nil	\$nil	\$95,090 ⁽¹³⁾	\$52,500
Jeffrey Lipton ⁽¹⁴⁾ <i>Legal Advisor, Abaxx Tech</i>	2019	\$154,079	\$nil	\$nil	\$nil	\$176,550 ⁽¹⁵⁾	\$330,629
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Dennis Peterson ⁽¹⁶⁾ <i>Corporate Secretary, Director</i>	2019	\$104,562 ⁽³⁾	\$nil	\$nil	\$nil	\$nil	\$104,562.84
	2018	\$197,713 ⁽³⁾	\$nil	\$nil	\$nil	\$67,215 ⁽¹⁷⁾	\$197,713.05

Notes:

- (1) Joshua Crumb was appointed CEO of Abaxx effective August 1, 2019. Joshua Crumb was Executive Director of Abaxx from January 25, 2018 to August 1, 2019.
- (2) Joshua Crumb was granted 4,500,000 Abaxx Compensation Warrants carrying a Black-Scholes value of \$1,261,800 on March 27, 2018 and 250,000 Abaxx Options carrying a Black-Scholes value of \$88,750 on October 1, 2018. On September 5, 2018, Mr. Crumb assigned to John Knorring 500,000 Abaxx Compensation Options.
- (3) Zachary Bennett was CEO of Abaxx from March 9, 2018 to September 30, 2019.
- (4) Zachary Bennett was granted 250,000 Abaxx Options carrying a Black-Scholes value of \$88,781 on October 1, 2018. Mr. Bennett's Abaxx Options expired upon his resignation as director of Abaxx on December 31, 2019.
- (5) Aamer Siddiqui was appointed as CFO of Abaxx on January 31, 2019.
- (6) Aamer Siddiqui was granted 50,000 Abaxx Options carrying a Black-Scholes value of \$17,271 on October 1, 2018.
- (7) Pursuant to a consulting agreement between Abaxx, Mr. Crandall and Marrelli Support Services Inc., ("MSSI") a corporation which Mr. Crandall was a senior employee. MSSI was paid \$36,879.30 during the period ended December 31, 2019. Mr. Crandall was not an employee of Abaxx. The services of Mr. Crandall as CFO of Abaxx were provided by MSSI.
- (8) Mr. Daniel Crandall resigned from his position with MSSI on January 31, 2019 and was replaced by Mr. Aamer Siddiqui. Mr. Aamer Siddiqui became CFO of Abaxx on January 31, 2019.
- (9) Mr. John Knorring served as Chief Executive Officer of ACX from November 18, 2018 to June 26, 2019.
- (10) John Knorring was granted 500,000 Abaxx Options carrying a Black-Scholes value of \$177,542 on October 1, 2018. Mr. Knorring's Abaxx Options expired upon his resignation as CEO of ACX (June 26, 2019).

- (11) Mr. Daniel McElduff served as Head of Strategy and Development of ACX from November 18, 2018 to June 26, 2019. Mr. McElduff was appointed President of ACX on June 27, 2019.
- (12) Dan McElduff was granted 266,000 Abaxx Options carrying a Black-Scholes value of \$95,103 on October 1, 2018.
- (13) Dan McElduff was granted 9,000 Abaxx Options carrying a Black-Scholes value of \$6,754 on February 1, 2019 and 200,000 ACX Options on May 1, 2019.
- (14) Mr. Jeffrey Lipton was appointed as legal advisor to Abaxx Tech on January 1, 2019.
- (15) Jeffrey Lipton was granted 240,000 Abaxx Options carrying a Black-Scholes value of \$176,639 on February 1, 2019.
- (16) Mr. Dennis Peterson was appointed as director of Abaxx on January 25, 2018.
- (17) Dennis Peterson was granted 191,000 Abaxx Options carrying a Black-Scholes value of \$67,257 on October 1, 2018.

Stock option and other compensation securities

The following table sets forth the compensation securities granted or issued to each director and NEO of Abaxx or its subsidiaries in the most recently completed financial year, for services provided, directly or indirectly, to Abaxx or any of its subsidiaries:

Compensation Securities							
Name and Position⁽¹⁾⁽²⁾⁽³⁾	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant⁽⁴⁾	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Dan McElduff <i>President (ACX)</i>	Abaxx Options	9,000	February 1, 2019	\$0.40	N/A	N/A	February 1, 2024
Jeffrey Lipton <i>Legal Advisor (Abaxx Tech)</i>	Abaxx Options	125,000	February 1, 2019	\$0.40	N/A	N/A	February 1, 2024
		115,000	February 1, 2019	\$1.00	N/A	N/A	February 1, 2024

Notes:

- (1) As at December 31, 2019, the following NEOs and directors of Abaxx held Abaxx Options: (a) Joshua Crumb held 125,000 Abaxx Options exercisable at \$0.40 per Abaxx Common Share, expiring October 1, 2023 and 125,000 Abaxx Options exercisable at \$1.00 per Abaxx Common Share, expiring October 1, 2023; (b) Aamer Siddiqui held 50,000 Abaxx Options exercisable at \$1.00 per Abaxx Common Share, expiring on October 1, 2023; (c) Daniel McElduff held 166,000 Abaxx Options exercisable at \$0.40 per Abaxx Common Share, expiring October 1, 2023, 100,000 Abaxx Options exercisable at \$1.00 per Abaxx Common Share, expiring October 1, 2023 and 9,000 Abaxx Options exercisable at \$0.40 per Abaxx Common Share, expiring February 1, 2024; (d) Jeffrey Lipton held 125,000 Abaxx Options exercisable at \$0.40 per Abaxx Common Share, expiring February 1, 2024 and 115,000 Abaxx Options exercisable at \$1.00 per Abaxx Common Share, expiring February 1, 2024; and (e) Dennis Peterson held 66,000 Abaxx Options exercisable at \$0.40 per Abaxx Common Share, expiring October 1, 2023 and 125,000 Abaxx Options exercisable at \$1.00 per Abaxx Common Share, expiring October 1, 2023.
- (2) Upon Mr. John Knorrington's resignation as CEO of ACX, 250,000 Abaxx Options exercisable at \$0.40 per Abaxx Common Share, expiring on October 1, 2023 and 250,000 Abaxx Options exercisable at \$1.00 per Abaxx Common Share, expiring on October 1, 2023 were cancelled.
- (3) Upon Mr. Zachary Bennett's resignation as director of Abaxx, 125,000 Abaxx Options exercisable at \$0.40 per Abaxx Common Share, expiring on October 1, 2023 and 125,000 Abaxx Options exercisable at \$1.00 per Abaxx Common Share, expiring on October 1, 2023 were cancelled.
- (4) All Abaxx Options issued and outstanding vest in accordance with the following terms: one-third of granted Abaxx Options vest as at the date of granting; one-third of Abaxx Options vest as at the first anniversary of the grant date; and the remaining one-third of granted Abaxx Options vests on the second anniversary of the grant date.

The following table sets forth all exercises by a director or NEO of Abaxx during the most completed financial year:

Exercise of Compensation Securities by Directors and NEOs							
Name and Position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Joshua Crumb <i>President, CEO and Director, Abaxx</i>	Abaxx Compensation Warrants	4,000,000	\$0.15	March 29, 2019	N/A	N/A	\$600,000
John Knorring <i>Former CEO, ACX</i>	Abaxx Compensation Warrants	500,000	\$0.15	January 4, 2019	N/A	N/A	\$75,000

Stock Option Plans and other Incentive Plans

See “Part III – Information Concerning the Target Company – Description of Securities –Abaxx Options” for a summary of the terms of the Abaxx SOP.

Termination and Change of Control Benefits

Except as otherwise disclosed herein, Abaxx has not entered into management contracts with any director, officer, employee or consultant. Except as disclosed herein, no management function of Abaxx or its subsidiaries are performed by a person other than a director or senior officer of Abaxx. Except as outlined below, there are no compensatory plan(s) or arrangement(s), with respect to any NEO resulting from the resignation, retirement or any other termination of employment of an officer’s employment or from a change of NEO’s responsibilities following a change of control.

Employment Agreement with Joshua Crumb

On August 1, 2019, Abaxx entered into an employment agreement with Joshua Crumb, pursuant to which Mr. Crumb had agreed to act as CEO of Abaxx effective August 1, 2019. Under the terms of the agreement, Mr. Crumb is entitled to the following compensation: (1) \$7,500 per month, (2) discretionary incentive bonus and (3) four weeks of vacation.

In the event that Mr. Crumb’s employment is terminated by Abaxx other than for cause, Mr. Crumb shall be entitled to receive a lump sum payment equal to three (3) months’ notice for the first eighteen (18) months following the date of the employment agreement, six (6) months’ notice after eighteen months from the date of the employment agreement, and increasing to twelve (12) months’ notice after two (2) years from the date of the employment agreement (the “**Separation Amount**”).

In the event that Mr. Crumb resigns for “good reason” (as such term is defined in Mr. Crumb’s employment agreement) or within twelve (12) months of a “change of control” (as such term is defined in Mr. Crumb’s employment agreement) of Abaxx, Mr. Crumb shall be entitled to receive a lump sum payment equal to the Separation Amount, which currently would have represented \$22,500. The Transaction will not constitute a “change of control” under Mr. Crumb’s employment agreement.

Non-Arm’s Length Party Transactions

Other than as described herein, since its inception to the date hereof, Abaxx has not acquired any assets or been provided any services from any director, officer, Insider or Promoter of Abaxx, except in their capacities as directors, officers or employees of Abaxx.

Joshua Crumb Subscriptions

On March 26, 2018, Joshua Crumb, CEO, director and promoter of Abaxx was granted 4,500,000 Abaxx Compensation Warrants, which expired on June 30, 2018. The Abaxx Compensation Warrants granted to Mr. Crumb were exercisable at \$0.15 per Abaxx Common Share. The expiry date of the Abaxx Compensation Warrants was subsequently amended to September 30, 2018 and then to March 31, 2019. On August 21, 2018, 500,000 Abaxx Compensation Warrants were transferred by Mr. Crumb to Mr. John Knorring, former CEO of ACX. On January 4, 2019, Mr. Knorring exercised his 500,000 Abaxx Compensation Warrants and Abaxx received aggregate consideration of \$75,000 for the exercise thereof. On March 28, 2019, Mr. Crumb exercised his 4,000,000 Abaxx Compensation Warrants and Abaxx received aggregate consideration of \$600,000 for the exercise thereof.

On October 5, 2018, Joshua Crumb, CEO, director and promoter of Abaxx, subscribed for 7,000,000 Abaxx Common Shares at a price per Abaxx Common Share of \$0.01 (the “**Founder Subscription**”). Abaxx received aggregate consideration of \$70,000 from Mr. Crumb for his Founder Subscription.

On April 17, 2019, Mr. Joshua Crumb, CEO, director and promoter of Abaxx, indirectly subscribed for 100,000 Abaxx Units at a price per Abaxx Unit of \$1.00. Abaxx received aggregate consideration of \$100,000 for subscription of LEC Minerals Inc. in the Abaxx Units.

Dennis Peterson Subscriptions

On March 27, 2018, Mr. Dennis Peterson, director and corporate secretary of Abaxx, indirectly subscribed for 333,333 Abaxx Common Shares at a price per Abaxx Common Share of \$0.15. Abaxx received aggregate consideration of \$49,999.95 for Mr. Peterson’s indirect subscription in Abaxx Common Shares.

On March 29, 2018, Mr. Dennis Peterson, director and corporate secretary of Abaxx, indirectly subscribed for 150,000 Abaxx Common Shares at a price per Abaxx Common Share of \$0.40. Abaxx received aggregate consideration of \$60,000 for Mr. Peterson’s indirect subscription in Abaxx Common Shares.

On April 17, 2019, Mr. Dennis Peterson, director and corporate secretary of Abaxx, indirectly subscribed for 50,000 Abaxx Units at a price per Abaxx Unit of \$1.00. Abaxx received aggregate consideration of \$50,000 for Mr. Peterson’s indirect subscription in Abaxx Units.

On December 14, 2020, Peterson Law Professional Corporation, a corporation controlled by Mr. Dennis Peterson, subscribed for 187,500 Abaxx Common Shares at a deemed price of \$0.80 for the settlement of an aggregate of \$150,000 of indebtedness.

Joshua Crumb Loans

During the year ended December 31, 2019, Joshua Crumb advanced \$1,970,250 to Abaxx (the “**Crumb Promissory Note**”). The Crumb Promissory Note bear interest at 8% per annum and accumulated \$62,172 in interest as at December 31, 2019. The Crumb Promissory Note are unsecured and due on demand.

On January 3, 2020, Mr. Joshua Crumb converted \$1,350,000 in indebtedness owed under the Crumb Promissory Note to a US\$1,000,000 Abaxx Convertible Note. The Abaxx Convertible Note are convertible at the election of the holder thereof at the Conversion Price. Mr. Crumb has agreed to convert his Abaxx Convertible Note into Abaxx Common Share immediately prior to the Effective Date.

On September 15, 2020, Abaxx settled all outstanding indebtedness under the Crumb Promissory Note that was not otherwise converted into an Abaxx Convertible Debenture.

Legal Proceedings

Abaxx is not currently a party to any actual or pending legal proceedings which would materially affect Abaxx, nor is Abaxx currently contemplating any legal proceedings, which are material to its business or of which any of its assets are likely to be subject. Furthermore, Abaxx is not aware of any such proceeding known to be contemplated or threatened which would materially affect Abaxx.

Material Contracts

Except for contracts entered into in the ordinary course of business, the only contracts entered into by Abaxx since incorporation that can reasonably be regarded as presently material to Abaxx are as follows:

1. ACX Assignment Agreement;
2. ACX Shareholders' Agreement;
3. ACX MLA;
4. ACX Royalty; and
5. Definitive Agreement dated as of September 18, 2020, as amended, among Abaxx and the Issuer. See "*Part I – The Transaction – Definitive Agreement.*"

All of the contracts specified above may be inspected at the registered and records offices of Abaxx at 902-18 King Street East, Toronto, Ontario M5C 1C4 during normal business hours up to the Effective Date and for a period of 30 days thereafter.

PART IV – INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Arrangement basis and is reflective of the business, financial and share capital position of the Issuer, as the Resulting Issuer, after giving effect to the Arrangement. This section only includes information respecting the Resulting Issuer after the Transaction that is materially different from information provided earlier in this Disclosure Document under “Part I – The Transaction” and “Part III – Information Concerning the Target Company”.

Corporate Structure

Name and Incorporation of the Resulting Issuer

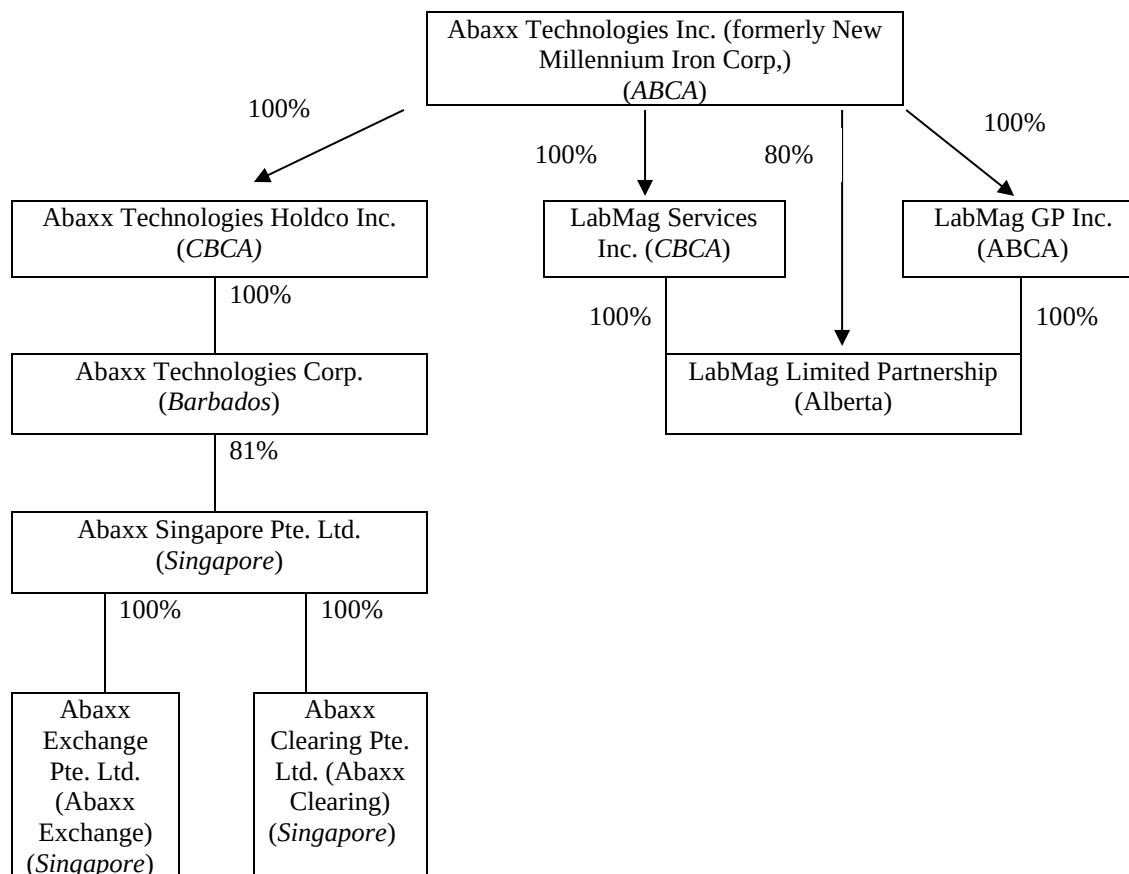
Following Closing, the Resulting Issuer will operate under the name “Abaxx Technologies Inc.” and will be governed by the provisions of the ABCA.

The Resulting Issuer’s head office will be 18 King Street East, Suite 902, Toronto, Ontario M5C 1C4. The registered and records office of the Resulting Issuer will be located at 855 – 2nd Street S.W., Suite 3500, Bankers Hall East Tower, Calgary, Alberta, T2P 4J8.

Intercorporate Relationships

Following Closing, the Resulting Issuer will own, directly or indirectly, all of the issued and outstanding common shares of Abaxx. As a result of the Transaction, the previous shareholders of Abaxx will become the shareholders of the Resulting Issuer.

The following organizational chart demonstrates the intended corporate structure of the Resulting Issuer:



Prior to the Effective Time, the Resulting Issuer changed its name “Abaxx Technologies Inc.”. The Resulting Issuer Shares will be listed on the NEO Exchange under the new trading symbol “ABXX”.

Business Objectives and Milestones

Business Objectives

The Resulting Issuer, carrying on the business of Abaxx, will execute on a business strategy comprised of two core components: (i) investing in new internet communication protocols and proprietary financial software architecture in a vision for a global commodity market trading (“**Global Commodity Market Trading Infrastructure 3.0**”); and (ii) commercializing Abaxx Exchange and Abaxx Clearing, utilizing Abaxx technology, with foundational products in new LNG benchmark contracts, and a new market structure vision for precious metals, battery metals, and emerging ESG certified-commodity markets.

To commercialize Abaxx Exchange in Q1 2021, ACX intends to contract with an existing US clearinghouse that already provides clearing and regulatory services for exchanges on an outsourced basis. This alternative would involve contracting with that clearinghouse and Abaxx Exchange completing an application to operate as a Foreign Board of Trade (“**FBOT**”) in the US. Given that a FBOT application is necessary for Abaxx Clearing to operate in the United State, ACX expects to initially subcontract the clearinghouse functionality of ACX a pre-existing US-based FBOT-approved clearinghouse.

ACX has engaged regulatory counsel to initiate the FBOT application for Abaxx Exchange and draft an agency agreement with one of the reputable clearinghouses that subcontract their clearing capabilities to third parties. ACX has established preliminary commercial terms with a US clearinghouse in order to evaluate associated costs in the context of the capital and operating budgets.

Initiating the FBOT process in the US establishes regulatory relationships necessary to proceed under the current and primary alternative paths and also would be helpful if, for whatever reason, Abaxx determined it would be best to domicile its business in the US. The Resulting Issuer will continue to evaluate other alternative approaches to mitigate risks of regulatory delay with respect to obtaining the ACH license.

Once the AIP for the ACH has been secured from MAS, and the funding is sufficiently certain, the Resulting Issuer will discuss the status of the ACH application and press MAS to provide a final timeline to completion in Q2 2020. As of the date of this Disclosure Document, ACX has not received AIP for its application to have Abaxx Clearing recognized as an ACH.

Milestones

Milestone	Projected Completion	Estimated Cost (\$)	Estimated Cost (\$) Assuming Use of Third Party Clearing House
Initiate FCM & Exchange Member Signup, Incentive Program	Ongoing	210,000	210,000
Beta Launch of Abaxx Console for Abaxx Internal Operations	November 2020	NA	NA
Launch Abaxx Verify mobile application for iOS and Android	November 2020	NA	NA
Deploy Abaxx Exchange Software Suite to ACX	January 2021	160,000	160,000
Initiate Full Operational Hiring & Training	January 2021	700,000	450,000

Milestone	Projected Completion	Estimated Cost (\$)	Estimated Cost (\$) Assuming Use of Third Party Clearing House
Complete ISV software development	February 2021	1,333,333	666,667
US Clearing Partner Integration	June 2021	0	1,333,333
Completion Testing of Exchange and Clearing Software	February 2021	100,000	50,000
Launch AbaxxSign mobile application for iOS and Android	March 2021	170,000	170,000
Launch Abaxx Console Software as a Service for Members of ACX	March 2021	210,000	210,000
Complete initial FCM technical integration	March 2021	50,000	0
Exchange Member Technical Integration Testing	March 2021	50,000	50,000
Raise Regulatory Capital for Minimum Default Funds ⁽¹⁾	March 2021	200,000	0
Initial online market campaign for ID++ vision, Abaxx Chat, Verify, and Sign	April 2021	500,000	500,000
Build enterprise sales team for Abaxx Verify and Abaxx Sign standalone applications	May 2021	50,000	50,000
Initiate Full Operational Hiring & Training	January 2021	700,000	700,000
Achieve Final Regulatory Approval of ACH, Launch Exchange	May 2021	1,250,000	800,000
Total:		\$4,983,333	\$4,650,000

Notes:

(1) ACX will require an additional SGD 10,000,000 (CAD \$9,700,000) from equity capital to be set aside by Abaxx Clearing as a minimum contribution to the ACH Capital Commitment. Abaxx expects to raise these funds in ACX from founding market participants and Singapore-based investors and institutions, but no assurance can be currently made that Abaxx will be successful in raising these funds. Abaxx Clearing's ongoing contribution to the ACH Capital Commitment will depend on the overall level of risk and open interest in the markets it operates, and not expected to surpass the initial contribution over the next 18 months.

Description of the Securities

At the Effective Time, the Issuer Shares will be the Resulting Issuer Shares. For a description of the attributes of the Issuer Shares, please refer to the section entitled “*Part II – Information Concerning the Issuer – Description of Securities*” of this Disclosure Document.

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma share and loan capital of the Resulting Issuer as at December 31, 2019 on a consolidated basis, based on the pro forma consolidated financial statements contained in this Disclosure Document after giving effect to the Transaction. This table should be read in conjunction with the pro forma consolidated financial statements and notes thereto included in this Disclosure Document.

Designation of Security	Number Authorized	Number outstanding immediately after giving effect to the Transaction^{(1),(2)}
Resulting Issuer Shares	Unlimited	63,558,062

Notes:

- (1) This includes Resulting Issuer Shares issued in connection with the conversion of the Abaxx Preference Shares and the principal sum and all accrued and unpaid interest outstanding on the Abaxx Convertible Debentures.
- (2) In addition to the number of issued and outstanding Resulting Issuer Shares, the following convertible securities are outstanding after giving effect to the Share Consolidation and the Closing Option Grant: (i) 5,578,534 Resulting Issuer Options, and (ii) 443,332 Resulting Issuer Warrants. See “Part IV – Information Concerning the Resulting Issuer – Fully Diluted Share Capital”.

Fully Diluted Share Capital

The following table outlines the number and percentage of securities of the Resulting Issuer outstanding on a non-diluted and fully-diluted basis after giving effect to the Transaction:

Designation of Security	Number, After Giving Effect to the Transaction⁽¹⁾	Percentage, After Giving Effect to the Transaction (undiluted)	Percentage, After Giving Effect to the Transaction (fully diluted)
Resulting Issuer Shares			
Shares issued:			
held by Issuer Shareholders ⁽²⁾	11,137,596	17.5%	16%
held by Abaxx Shareholders ^{(3) (4)}	51,908,844	81.7%	74.6%
held by Abaxx Warrantholders ⁽⁴⁾	72,695		
Issued to Cairn Merchant Partners LP ⁽⁵⁾	438,927		
Subtotals	63,558,062		
Reserved for issuance under the:			
Resulting Issuer Options	5,578,534		
Resulting Issuer Warrants	443,332		
Total (fully-diluted)	69,579,928		

Notes:

- (1) All outstanding Abaxx Options were exchanged for Resulting Issuer Options based upon the Exchange Ratio.
- (2) Assumes completion of the Tata Restructuring.
- (3) All Abaxx Preference Shares and the Abaxx Convertible Debentures were converted pursuant to the Arrangement.
- (4) Holders of Abaxx Warrants whom elected to receive 0.203 Resulting Issuer Share for each one (1) Abaxx Warrant held, were issued 72,695 Resulting Issuer Shares.
- (5) Issued to Red Point Capital Inc. (209,463 Resulting Issuer Shares), Highland Capital Advisors Inc. (209,463 Resulting Issuer Shares) and Cairn Merchant Partners LP (20,001 Resulting Issuer Shares) pursuant to a financial advisory engagement between Cairn Merchant Partners LP and the Issuer.

Available Funds and Principal Purposes

Funds Available

The following table sets forth, as of September 30, 2020, the Available Funds anticipated to be available to the Resulting Issuer on a consolidated basis, after giving effect to the Transaction:

Source of Funds	Amount (C\$ in thousands) ⁽¹⁾
Estimated working capital of the Issuer	11,800
Estimated working capital of Abaxx	873
Total Estimated Available Funds	12,673

Notes:

- (1) Based on management projections.

Dividends

The directors of the Resulting Issuer anticipate that the Resulting Issuer will retain all future earnings and other cash resources for the future operation and development of the business, and accordingly, do not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of directors of the Resulting Issuer after taking into account many factors including the Resulting Issuer's operating results, financial condition and current and anticipated cash assets.

Principal Purposes of Funds

The principal purposes of the Available Funds will be as follows:

Principal Use of Funds	Amount (C\$ in thousands)	Estimated Timing of Expense
Estimated Transaction Costs ⁽¹⁾	2,379	Q4 2020
Abaxx Tech Salaries and Benefits	2,300	Q4 2020 to Q3 2021
Research and Development	1,200	Q4 2020 to Q3 2021
ACX Salaries and Benefits	2,500	Q4 2020 to Q3 2021
ACX Development & Regulatory	1,000	Q4 2020 to Q2 2021
ACX General and Administrative	300	Q4 2020 to Q3 2021
Abaxx General and Administrative ⁽²⁾	1,200	Q4 2020 to Q3 2021
Brand Development and Online Marketing	800	Q1 2021 to Q4 2021
Unallocated Funds ⁽³⁾	994	
TOTAL	12,673	

Notes:

- (1) Includes legal, audit, advisory fees and other expenses related to the Completion of the Transaction.
 (2) Includes expenses related to the general operation of the Resulting Issuer's business, including without limitation, corporate and regulatory fees relating to being a public company.
 (3) Unallocated funds reserved engaging third party clearinghouse to commercialize Abaxx Exchange in Q1 2021. See "Part III – Information Concerning the Target – Narrative Description of the Business – Abaxx Exchange and Abaxx Clearing (ACX)"

Based on current projections, the Resulting Issuer's working capital available for funding its ongoing operates is expected to meet its expenses for a minimum period of 18 months commencing immediately after the Completion of the Transaction.

While the foregoing reflects management's current expectation as to the proposed use of the Available Funds, there may be circumstances where, for sound business reasons, reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Selected Pro Forma Consolidated Financial Information

The following table summarized selected pro forma financial information for the Resulting Issuer (as at December 31, 2019), after giving effect to the Transaction, and should be read in conjunction with the pro forma financial statements of the Resulting Issuer attached hereto as Schedule C.

Pro Forma Balance Sheet	Issuer (as at June 30, 2020)	Abaxx (as at June 30, 2020)	Pro Forma Adjustments	Resulting Issuer Pro Forma
Current Assets	\$12,183,107	\$232,963	\$3,965,694	\$16,381,764
Total Assets	\$18,021,478	\$3,981,987	\$(1,529,306)	\$20,474,069
Total Liabilities	\$925,878	\$8,624,239	\$(5,298,188)	\$4,251,929
Total Shareholders' Equity	\$17,095,600	\$(4,642,342)	\$3,768,883	\$16,222,141

Principal Securityholders

To the knowledge of directors and senior officers of the Issuer and Abaxx, upon completion of the Business Combination, the following Persons beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the voting securities of the Resulting Issuer.

Name and Municipality of Residence	Number of Abaxx Common Shares Prior to the Business Combination	Percentage of Abaxx Common Shares Prior to the Business Combination	Number of Resulting Issuer Shares After the Transaction	Percentage of Resulting Issuer Shares After the Transaction
Joshua Crumb <i>Huntsville, Ontario</i>	13,673,089 ⁽¹⁾	21.3% ⁽²⁾	11,061,529	17.4%

Notes:

- (2) LEC Minerals Inc., a company wholly-owned by Joshua Crumb, is the registered holder of 100,000 Abaxx Common Shares.
- (3) Immediately prior to the Effective Time, Abaxx had 64,164,241 Abaxx Common Shares issued and outstanding, which includes automatic conversion of the Abaxx Preference Shares and the Convertible Debenture Conversion.

Directors, Officers and Promoters

Immediately prior to the Effective Time, the directors of the Issuer were Mario Caron, Prasanto Kumar Ghose, H. Dean Journeaux, W. Scott Leckie, Rajiv Mukerji, Daniel P. Owen, and D.B. Sundara Ramam. In connection with the Closing of the Business Combination, each of the foregoing individuals except W. Scott Leckie and Daniel P. Owen resigned as directors and Joshua Crumb (Chairman), Thom McMahon, Margot Naudie and Catherine Flax were appointed as directors of the Resulting Issuer.

At the Effective Time, Joshua Crumb was appointed the President and CEO of the Resulting Issuer and Robert Boisjoli was appointed the CFO and Corporate Secretary.

The term of office for each of the present directors expires at the Issuer's next annual general meeting. Each director elected or appointed will hold office until the next annual general meeting of the Resulting Issuer or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the Articles of the Resulting Issuer and the provisions of the ABCA.

The following table sets out the names of the directors and officers of the Resulting Issuer, the municipality in which each is ordinarily resident, all offices of the Resulting Issuer proposed to be held by each of them, their principal occupations during the past five years and the expected number of Resulting Issuer Shares beneficially owned by each, directly or indirectly, or over which control or direction is exercised, at the Effective Time.

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years⁽¹⁾	Prior Position with the Issuer or Abaxx and Term of Such Position	Number of Resulting Issuer Shares at the Effective Time⁽²⁾	Percentage of Class Held or Controlled at the Effective Time⁽²⁾
Joshua Crumb <i>Huntsville, Canada</i> Director (Chairman)	Chief Strategy Officer of Bitgold Inc. (August 2014 to July 2015); Chief Strategy Officer of Goldmoney Inc. (July 2015 to June 2018); Director of various public companies including: Mene Inc. (TSXV: MENE) (October 2018 to present); Fortress Technologies Inc. (TSXV: FORT) (August 2018 to present); Solitario Zinc Corp. (TSX: SLR) (July 2017 to present); and COIN HODL Inc. (TSXV: COIN) (May 2018 to present)	Chairman and Director of Abaxx: (January 25, 2018 – present).	11,061,529 ⁽⁴⁾	17.4%
Thom McMahon ⁽⁴⁾ <i>Singapore</i> Director	Managing Director of UD Trading Group Holdings Pte Ltd. (April 2014 to December 2016) Director Asia of Dillon Gage Asia Pte Ltd. (January 2017 to December 2018) Co-Founder CEO of Aircarbon Pte Ltd. (January 2019 to Present)	No prior role	Nil	Nil
Dan McElduff <i>New York, USA</i> President, ACX	Compliance Manager, Vice President of State Street Corporation (November 2013 to June 2016) Sole Proprietor (November 2016 to April 2019)	President of Abaxx Singapore Pte Ltd. (May 2019 to Present)	20,225	(>0.1%)
Joe Raia <i>New Jersey, USA</i> Chief Commercial Officer, ACX	Managing Director of Goldman Sachs & Co. (April 2011 to April 2018) Managing Director, Head of Global Energy Markets of R.J. O'Brien and Associates (April 2018 to December 2019)	Chief Commercial Officer of Abaxx Exchange (December 2019 to Present)	Nil	Nil
Margot Naudie ⁽³⁾⁽⁵⁾ <i>Toronto, Ontario</i> Director	Senior Portfolio Manager at Marret Asset Management (September 2015-June 2017); Senior Portfolio Manager of the IP Alpha Fund (December 2017 to present);	No prior role	107,033	0.2%

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years⁽¹⁾	Prior Position with the Issuer or Abaxx and Term of Such Position	Number of Resulting Issuer Shares at the Effective Time⁽²⁾	Percentage of Class Held or Controlled at the Effective Time⁽²⁾
	President of Elephant Capital Inc. (December 2017 to present)			
Catherine Flax ⁽³⁾⁽⁴⁾ <i>New York, USA</i> Director	Managing Director of BNP Paribas (November 2013 to March 2016) CEO of Pefin (March 2016 to October 2018) Managing Director of CRA, Inc. (April 2019 to Present)	No prior role	100,000	0.2%
Robert Boisjoli <i>Montreal, Quebec</i> Chief Financial Officer	Founder and Chief Executive Officer of AKESOgen, Inc, Chairman of Palos Management Inc. Managing director of Atwater Financial Group, a firm providing back-office services for reporting issuers Partner at Robert Boisjoli & Associates S.E.C., a consulting firm specializing mainly in business valuations	Chief Financial Officer of Issuer: (November 2018 – present).	46,666	0.1%
W. Scott Leckie ⁽³⁾ <i>Toronto, Ontario</i> Director	Experienced value investor, Portfolio Manager, and a founding partner of several companies. He is currently the Principal of Takota Asset Management Inc., a portfolio manager PM and an exempt market dealer EMD. He is also a Director of Acerus Pharmaceuticals Corp.	Director of Issuer (June 23, 2016 to Present)	70,000	0.1%
Daniel P. Owen ⁽⁴⁾ <i>Toronto, Ontario</i> Director	Investor and entrepreneur. He is currently Chairman and Chief Executive Officer of a private investment management company, Chairman and Chief Executive Officer of a private aerodrome management company. He has served on the boards of directors and on all the committees of a number of Canadian public companies.	Director of Issuer (June 23, 2016 to Present)	285,919	0.4%
Ryan Ingram <i>Hong Kong</i> Chief Risk Officer, ACX	Vice President, Credit Risk Management and Advisory, Goldman Sachs Group Inc. (March 2015 to September 2016) Senior Vice President, Group Regulatory Analytics, Risk Policy & FMI Strategy, Hong Kong Exchanges and Clearing Limited (September 2016 to Present)	Chief Risk Officer of ACX (August 1, 2020 to Present)	Nil	Nil
Tan Tock Siong <i>Singapore</i> Chief Regulatory Officer, ACX	Chief Regulatory Officer of Singapore Mercantile Exchange (2010 to 2015) Head of compliance for Bank of China in Singapore (2015 to 2016) Chief Regulatory Officer of Asia Pacific Exchange (2016 to 2019)	Chief Compliance Officer (October 1 to Present)	Nil	Nil

Name, Municipality of Residence, Proposed Offices	Principal Occupation During Last Five Years ⁽¹⁾	Prior Position with the Issuer or Abaxx and Term of Such Position	Number of Resulting Issuer Shares at the Effective Time ⁽²⁾	Percentage of Class Held or Controlled at the Effective Time ⁽²⁾
Mason Wallick Singapore Director, ACX	Managing Director/CEO of Infunde Capital Pte. Ltd.(January 2013 to March 2016) Managing Director/CEO of Infunde Development Pte. Ltd. (April 2016 to June 2020) Managing Director, CEO of Clime Capital Pte. Ltd. (June 2020 to Present)	Director of ACX (November 2018 to Present)	8,090	(>0.1%)

Notes:

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of Abaxx and has been furnished by the respective individuals.
- (2) Based on 63,558,062 issued and outstanding Resulting Issuer Shares following Closing and excludes the exercise of any Resulting Issuer Options.
- (3) Members of the Audit Committee.
- (4) Members of the Compensation, Nominating and Corporate Governance Committee.
- (5) Lead Director.

The term of office of the directors expires annually at the time of the Resulting Issuer's annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer's executive officers expires at the discretion of the Resulting Issuer's directors. All of the proposed directors of the Resulting Issuer are considered to be independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, except for Joshua Crumb.

Committees of the Board of Directors

Audit Committee

It is expected that the Audit Committee of the Resulting Issuer will initially be composed of Scott Leckie (Chair), Catherine Flax, and Margot Naudie. All members of the Audit Committee are “independent” within the meaning of National Instrument 52-110 – *Audit Committees*. In addition, each Audit Committee member is “financially literate”, within the meaning of National Instrument 52-110 – *Audit Committees* and possess education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

The Audit Committee will oversee the accounting and financial reporting practices and procedures of the Resulting Issuer and the audits of the Resulting Issuer's financial statements. The principal responsibilities of the Audit Committee are expected to include: (i) overseeing the quality and integrity of the internal controls and accounting procedures of the Resulting Issuer, including review the Resulting Issuer's procedures for internal control with the Resulting Issuer's auditor and chief financial officer; (ii) reviewing and assessing the quality and integrity of the Resulting Issuer's annual and quarterly financial statements and related management discussion and analysis, as well as all other material continuous Disclosure Documents; (iii) monitoring compliance with legal and regulatory requirements related to financial reporting; (iv) reviewing and approving the engagement of the auditor of the Resulting Issuer and independent audit fees; (v) reviewing the qualifications, performance and independence of the auditor of the Resulting Issuer, considering the auditor's recommendations and managing the relationship with the auditor, including meeting with the auditor as required in connection with the audit services provided to the Resulting Issuer; (vi) assessing the Resulting Issuer's financial and accounting personnel; (vii) reviewing the Resulting Issuer's risk management procedures; (viii) reviewing any significant transactions outside the Resulting Issuer's ordinary course of business and any pending litigation involving the Resulting Issuer; and (ix) examining improprieties or suspected improprieties with respect to accounting and other matters that affect financial reporting.

Compensation, Nominating and Corporate Governance Committee

It is expected that the Compensation, Nominating and Corporate Governance (“CNCG”) Committee of the Resulting Issuer will initially be composed of Daniel Owen (Chair), Catherine Flax, and Thom McMahon.

The CNCG Committee is expected to oversee the remuneration policies and practices of the Resulting Issuer. The principal responsibilities related to compensation are expected to include: (i) considering the Resulting Issuer’s overall remuneration strategy and, where information is available, verifying the appropriateness of existing remuneration levels using external sources for comparison; (ii) comparing the nature and amount of the Resulting Issuer’s directors’ and executive officers’ compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and the financial position of the Resulting Issuer; and (iii) making recommendations to the board in respect of director and executive officer remuneration matters, with the overall objective of ensuring maximum shareholder benefit from the retention of high quality board and executive team members.

The CNCG Committee is also expected to be responsible for: (i) monitoring and overseeing the quality and effectiveness of the corporate governance practices and policies of the Resulting Issuer; (ii) considering nominees for independent directors of the Resulting Issuer; (iii) adopting and implementing corporate communication policies and ensuring the effectiveness and integrity of communication and reporting to the Resulting Issuer’s shareholders and the public generally; (iv) planning for the succession of directors and executive officers of the Resulting Issuer, including appointing, training and monitoring senior management to ensure that the board and management have appropriate skill and experience; and (v) administering the board’s relationship with the management of the Resulting Issuer.

Shareholdings of Directors and Executive Officers

The directors and officers of the Resulting Issuer will, as a group, beneficially own, directly or indirectly, or exercise control or direction over, approximately 11,699,462 Resulting Issuer Shares, representing approximately 18.3%.

Biographies of Executive Officers and Directors

Executive Officers

Joshua Crumb, age 40, President, CEO and Director of Abaxx, CEO of Abaxx Tech, CEO of ACX

Joshua Crumb served as the Chief Strategy Officer and director of Goldmoney Inc from August, 2014 to June 2018. Mr. Crumb was previously the Senior Metals Strategist at Goldman Sachs in the Global Economics, Commodities and Strategies research division in London (March, 2010 to May, 2011). Mr. Crumb has also held various position within the Lundin group of companies, serving as Special Project Analyst for group chairman Lukas Lundin, and is currently a director of Solitario Zinc Corp., nominated on behalf of Lundin group holdings. Mr. Crumb holds a Master of Science degree in mineral economics, a Graduate Certificate in International Political Economy and a Bachelor of Science degree in Engineering from the Colorado School of Mines.

Mr. Crumb will act as a director of the Resulting Issuer. Mr. Crumb intends to devote approximately 100% of his working time to the affairs of the Resulting Issuer. Mr. Crumb will be an employee of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Robert Boisjoli, age 62, Chief Financial Officer & Corporate Secretary

Mr. Boisjoli is a Fellow Chartered Professional Accountant (FCPA, FCA), a Chartered Business Valuator (CBV) and a corporate finance/operational professional with over 35 years of operational and advisory experience. Robert is currently the Founder and Chief Executive Officer of AKESOgen, Inc., an integrated genomics services company in Atlanta that was successfully sold in 2019 to Tempus Labs of Chicago. As mentioned above, Robert is also Chairman of Palos Management Inc. and managing director of Atwater Financial Group, a firm providing back-office services for reporting issuers, and a partner at Robert Boisjoli & Associates S.E.C., a consulting firm specializing mainly in business valuations who have provided several valuations to the TSXV for qualification purposes under MI 61-101 or the former Q27.

Mr. Boisjoli is an accomplished professional who has been a Board member of 1 TSX listed company, and 5 TSXV listed companies where he also held the role of Audit Committee Chairman for 4 of these companies. Mr. Boisjoli has also held the role of Chief Financial Officer of one TSX listed company, 5 TSXV listed companies and 3 companies listed on other Canadian exchanges.

Dan McElduff, age 52, President (ACX)

Mr. McElduff has over 25 years of experience working in diverse roles at commodity exchanges, commodity dealers and future commission merchants. His exchange experience includes business development, product development, marketing, compliance and operations at an established exchange (NYMEX) and a startup (ELX). Dan has served in senior compliance roles at major commodity dealers and futures commission merchants, including Morgan Stanley and Barclays. He has broad experience with major Commodities Futures Trading Commission initiatives including the Commodity Futures Modernization Act and the Wall Street Reform and Consumer Protection Act. Mr. McElduff holds a Finance degree from Marist College.

Mr. McElduff will act as the President of ACX. Mr. McElduff intends to devote approximately 100% of his working time to the affairs of ACX. Mr. McElduff will be an employee of ACX and has not entered into any non-competition or non-disclosure agreements with ACX.

Joe Raia, age 63, Chief Commercial Officer (ACX)

Prior to becoming Chief Commercial Officer of the Abaxx Commodity Exchange, Joe Raia most recently served as Managing Director, Global Energy Clearing and Execution Head at R.J. O'Brien & Associates, the largest independent futures brokerage firm in the United States, from April 2018 to August 2019. Prior to that, Mr. Raia served as Global Head of Commodity Futures Sales at Goldman Sachs from April 2011 to May 2018, where he helped build the firm's relationships with a focus on commercial and institutional clients. Previously, he spent more than a decade as a futures exchange executive, initially with the New York Mercantile Exchange (NYMEX) and then with CME Group after it acquired NYMEX in 2008. Following the acquisition, Raia served as Managing Director and Global Head of Energy and Metals Products at CME Group, responsible for those product areas and a team of professionals worldwide. In the beginning of his career at NYMEX in late 2001, he had sole responsibility for initiating, building and launching what became the award-winning ClearPort clearing platform for risk and credit mitigation in global OTC energy products. Mr. Raia holds a Bachelor of Science degree in Marine Transportation Management from SUNY Maritime Academy.

Mr. Raia will act as the Chief Commercial Officer of ACX. Mr. Raia intends to devote approximately 100% of his working time to the affairs of ACX. Mr. Raia will be an employee of ACX and has not entered into any non-competition or non-disclosure agreements with ACX.

Directors

Thom McMahon, age 66, Director

Thomas McMahon has over 30 years of experience in international exchange-based Commodity and Derivative product creation, clearing, trading, and regulatory licensing. Over the past decade, Thom has worked broadly across Asia to bring to market major international exchange formation and licensing projects in Singapore, Japan, Korea, Hong Kong, Indonesia, Malaysia, Thailand, Australia, Dubai and India. Mr. McMahon previously served as Chief Executive Officer and Managing Director of the Singapore Mercantile Exchange from April 2009 until June 2011 after licensing and launching an exchange and clearinghouse now owned by Intercontinental Exchange, Inc. Mr. McMahon was also a former President of the Hong Kong Mercantile Exchange, and a Vice President and Director of the NYMEX, now part of the CME Group Inc. Mr. McMahon holds a Bachelor of Arts from Fairleigh Dickinson University.

Mr. McMahon will act as a director of the Resulting Issuer. Mr. McMahon intends to devote approximately 25% of his working time to the affairs of the Resulting Issuer. Mr. McMahon will be an independent contractor of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Margot Naudie, age 55, Director

Margot Naudie is a seasoned 20+ year capital markets professional with global investment expertise as a Senior Portfolio Manager for long-only and long/short North American and global natural resource portfolios. She held senior roles at leading multi-billion-dollar asset management firms, including TD Asset Management, Marret Asset Management, and CPP Investment Board. Ms. Naudie was cited as a Brendan Wood TopGun Investment Mind (Platinum) for five consecutive years. Ms. Naudie acts as an active and engaged Independent Director on BTU Metals Corp. (TSXV:BTU); Polaris Infrastructure Inc. (TSX: PIF); and Osino Resources Corp. (CSE: OSI). Ms. Naudie graduated from McGill University with a bachelors of arts in politics and economics. Ms. Naudie also received an MBA from Ivey School of Business. Ms. Naudie is a chartered financial analyst.

Ms. Naudie will act as a director of the Resulting Issuer. Ms. Naudie intends to devote approximately 10% of her working time to the affairs of the Resulting Issuer. Ms. Naudie will be an independent contractor of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Ms. Naudie will be a member of the Resulting Issuer's Audit Committee.

Catherine Flax, age 55, Director

A former Wall Street executive, Catherine Flax previously served as Managing Director and Head of Commodity Derivatives, Foreign Exchange and Local Markets, Americas at BNP Paribas, and as Chief Marketing Officer for J.P.Morgan. Ms. Flax has been a leader in the FinTech space, serving on the boards of many organizations such as Digital Asset Holdings, a market leading blockchain company and Securities Industry and Financial Markets Association (SIFMA). Prior to becoming CEO of Pefin, Flax was an advisor to the company in matters of Marketing Regulation, Compliance, Business Development, Strategy and International Growth. Ms. Flax holds a bachelor's degree in economics from Texas A&M University and a master's degree in Economics from Brown University.

Ms. Flax will act as a director of the Resulting Issuer. Ms. Flax intends to devote approximately 10% of her working time to the affairs of the Resulting Issuer. Ms. Flax will be an independent contractor of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Ms. Flax will be a member of the Resulting Issuer's Audit Committee.

W. Scott Leckie, age 60, Director

Mr. Leckie is Chairman, CEO, and controlling shareholder of Takota Asset Management. Takota Asset Management is a private investment company having returned all external capital in early 2020. Mr. Leckie was previously a founding partner, director, and senior officer of Aquilon Capital, an investment firm started in 1990 and sold to National Bank Financial in 2008. While at Aquilon Capital Mr. Leckie's portfolio management efforts produced a successful capital allocation track record of approximately 20%/annum over the 18 years of the firm's existence. Mr. Leckie has founded seven different private companies at which he held senior management and Board of Director responsibilities. In addition, Mr. Leckie's activities as a Portfolio Manager and investor have resulted in his taking Board seats on certain public companies in the past. Currently Mr. Leckie serves on the Board and Chairs the Audit Committee of the public companies Acerus Pharmaceuticals and New Millennium Iron, and sits on the Board of the private company Sterling Maple Corp. Mr. Leckie is a Chartered Financial Analyst, having earned that designation in 1992. Mr. Leckie received a bachelor of health and physical education from University of Toronto in 1983.

Mr. Leckie will act as a director of the Resulting Issuer. Mr. Leckie intends to devote approximately 10% of his working time to the affairs of the Resulting Issuer. Mr. Leckie will be an independent contractor of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Mr. Leckie will be the Chair of the Resulting Issuer's Audit Committee.

Daniel P. Owen, age 84, Director

Mr. Owen is an investor and entrepreneur. He is currently Chairman and Chief Executive Officer of a private investment management company, Chairman and Chief Executive Officer of a private aerodrome management company, and a former Senior Vice President, Operations, of the Canada Development Corporation (later named Polysar Energy & Chemical Corporation). Mr. Owen has served on the boards of directors and on all the committees of a number of Canadian public companies. Mr. Owen earned a bachelor of science degree, specializing in accounting and law, from the London School of Economics.

Mr. Owen will act as a director of the Resulting Issuer. Mr. Owen intends to devote approximately 10% of his working time to the affairs of the Resulting Issuer. Mr. Owen will be an independent contractor of the Resulting Issuer and has not entered into any non-competition or non-disclosure agreements with the Resulting Issuer.

Mason Wallick, age 43, Director (ACX)

Mr. Wallick currently serves as the Managing Director of Clime Capital Limited, an investment fund management company which focuses on clean energy investments in South East Asia, including the The South East Asia Clean Energy Facility (SEACEF). Prior to founding Clime Capital, Mr. Wallick served as founder and Managing Director of Infunde Capital Pte. Ltd., an advisory firm that provides advice on energy infrastructure projects. Mr. Wallick holds a Master of Science degree in Mineral Economics and Bachelor of Science degree in Chemical Engineering from the Colorado School of Mines.

Mr. Wallick will act as a director of ACX. Mr. Wallick intends to devote approximately 10% of his working time to the affairs of ACX. Mr. Wallick will be an independent contractor of ACX and has not entered into any non-competition or non-disclosure agreements with ACX.

Ryan Ingram, age 37, Chief Risk Officer (ACX)

Mr. Ingram is a financial markets risk professional with a specialized focus on strategic risk policy development, analysis and implementation of global regulatory reforms, and industry engagement. Mr. Ingram currently serves as the Senior Vice President, Group Regulatory Analytics, Risk Policy & FMI Strategy of Hong Kong Exchanges and Clearing Limited. Mr. Ingram previously served as Vice President, Credit Risk Management and Advisory of Goldman Sachs Group Inc. in New York. Mr. Ingram holds a Bachelor of Science in Finance and Accounting from the Kelley School of Business, Indiana University and is a licensed Certified Public Accountant in Illinois.

Mr. Ingram currently acts as Chief Risk Officer of ACX. Mr. Ingram intends to devote approximately 70% of his working time to the affairs of ACX. Mr. Ingram will be an independent contractor of ACX and has entered into a non-competition and non-disclosure agreement with ACX.

Tan Tock Siong, age 49, Chief Regulatory Officer (ACX)

Mr. Tan has over 25 years of regulatory and compliance experience in the financial sector. He has served as Chief Regulatory Officer of Asia Pacific Exchange and Singapore Mercantile Exchange, where he was instrumental in their licence applications and successful launches. In addition, Mr. Tan was the country head of compliance for several banks in Singapore, including Bank of China, State Bank of India, and Bank of Nova Scotia. He has an MBA from the Simon Business School of the University of Rochester, NY, and a bachelor's degree in accounting from the Nanyang Business School, Singapore.

Mr. Tan currently acts as Chief Compliance Officer of ACX. Mr. Tan intends to devote approximately 70% of his working time to the affairs of ACX. Mr. Tan will be an independent contractor of ACX and has entered into a non-competition and non-disclosure agreement with ACX.

Promoter Consideration

Joshua Crumb may be considered to be a promoter of Abaxx in that he took initiative in founding and organization Abaxx. Joshua Crumb holds an aggregate 11,061,529 Resulting Issuer Shares, representing 17.4% of the Resulting Issuer Shares issued and outstanding on a non-diluted basis. In addition, Joshua Crumb will hold in the aggregate

202,250 Resulting Issuer Options. See “*Summary of the Disclosure Document – Interests of Insiders, Promoter or Control Person of the Issuer, Abaxx and the Resulting Issuer*”.

Corporate Cease Trade Orders or Bankruptcies

Within ten years before the date of this Disclosure Document, no proposed director, officer or promoter of the Resulting Issuer or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has been a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanction

To the knowledge of the Resulting Issuer, no proposed director, officer, promoter or shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Business Combination.

On June 30, 2005, Mr. W. Scott Leckie agreed to pay a fine of \$100,000 under a settlement agreement with Market Regulation Services Inc. with regard to certain trading activities.

Personal Bankruptcies

To the knowledge of the Resulting Issuer, there has been no current or proposed director, officer, promoter, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such person, that has, within the ten years prior to the date of this Disclosure Document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm’s length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under Ontario corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the ABCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see “*Part IV – Information Concerning The Resulting Issuer – Directors, Officers and Promoters* –

Other Reporting Issuer Experience” below.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer who are, or have been within the last five years, directors, officers or promoters of other reporting issuers, other than the Issuer:

Name of Director, Officer or Promoter	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	Period
Joshua Crumb	Goldmoney Inc.	TSX	Director, Founder and Chief Strategy Officer	August 2014 to December 2018
	Solitario Zinc Corp.	TSX; AMEX	Director	July 2017 to Present
	Fortress Blockchain Corp.	TSX-V	Director	August 2018 to Present
	COIN HODL Inc.	TSX-V	Director	May 2018 to Present
	Menē Inc. (formerly Amador Gold Corp.)	TSX-V	Director	October 2018 to Present
	Zazu Metals Corporation	TSX-V	Director	July 2011 to July 2017
	Black Dragon Gold Corp.	TSX-V	Director	May 2011 to March 2014
	Loma Vista Capital Inc.	[None]	Director	June 2012 to December 2018
	Silver Bull Resources Inc.	TSX-V	Director	February 2012 to June 2016
Margot Naudie	BTU Metals Corp.	TSX-V	Director	July 2019 to Present
	Polaris Infrastructure Inc.	TSX	Director	June 2020 to Present
	Osino Resources Corp.	TSX-V	Director	August 2020 to Present
Robert Boisjoli	Cyprium Mining Corporation	TSX-V	Director	October 2013 to December 2016
	Gestion Palos Inc./Palos Management Inc.	[None]	Director	November 2011 to July 2020
	Palos Wealth Management Inc.	[None]	Director	August 2016 to July 2020
	Adventure Gold	TSX-V	Chief Financial Officer	December 2010 to July 2016
	Cerro de Pasco Resources Inc.	CSE	Chief Financial Officer	April 2018 to Present
	Quebec Precious Metals Corp.	TSX-V	Chief Financial Officer	October 2020 to Present
W. Scott Leckie	Acerus Pharmaceuticals Corporation	TSX	Director	June 2020 to Present

Executive Compensation

For the purpose of this section Named Executive Officer (“NEO”) are the proposed President and Chief Executive Officer of the Resulting Issuer and each of the four most highly compensated executive officers who are proposed to serve as executive officers of the Resulting Issuer for the 12 month period following the Completion of the Transaction. Based on the above criteria, the only NEOs for the Resulting Issuer are expected to be Joshua Crumb (CEO), Robert Boisjoli (CFO), Dan McElduff (President, ACX), and Joe Raia (Chief Commercial Officer, ACXr) for the 12 month period after giving effect to the Business Combination.

Compensation Discussion and Analysis

The Board will develop the appropriate compensation policies for both the officers and the directors of the Resulting Issuer. To determine appropriate compensation levels, the Board will review compensation paid for directors and officers of companies of similar size and stage of development in the investment industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Resulting Issuer.

When determining compensation policies and individual compensation levels for the Resulting Issuer's executive officers a variety of factors will be considered, including: the overall financial and operating performance of the Resulting Issuer, each executive officer's individual performance and contribution towards meeting corporate objectives, each executive officer's level of responsibility and length of service and industry comparables.

The Resulting Issuer's compensation philosophy for its executive officers will follow three underlying principles: to provide compensation packages that encourage and motivate performance; to be competitive with other companies in the industry in which it operates, so as to attract and retain talented executives; and to align the interests of its executive officers with the long-term interests of the Resulting Issuer and its shareholders through stock related programs.

Stock option grants will be used to align executive interests with those of shareholders and will be based on the executive's performance, level of responsibility, as well as the number and exercise price of options previously issued to the executive and his overall aggregate total compensation package. It is anticipated that the Resulting Issuer will grant Resulting Issuer Options to its directors and officers following completion of the Business Combination.

Initially, the compensation of NEOs will be substantially on the same terms as set out in their current employment arrangements with Abaxx. See *"Part III – Information Concerning the Target Company – Executive Compensation"*.

Excluding Compensation Securities

In the 12-month period after giving effect to the Business Combination, the Resulting Issuer anticipates compensating the executive officers of the Resulting Issuer on the same terms by which such executive officers are currently compensated by Abaxx. See *"Part III – Information Concerning the Target Company – Executive Compensation"*.

Directors who are not executive officers are not expected to receive compensation in the 12-month period after giving effect to the Transaction. See *"Part IV – Information Concerning The Resulting Issuer – Options to Purchase Securities"*.

Stock Options and Other Compensation Securities

It is anticipated that the Resulting Issuer will have a "rolling" stock option plan in accordance with NEO Policies, pursuant to which the Resulting Issuer will be able to grant options up to a maximum of 10% of the Resulting Issuer's issued and outstanding share capital at the time of grant and a fixed RSU Plan for a maximum of 730,000 Resulting Issuer Shares available for grant. For further information regarding options anticipated to be outstanding and proposed option grants at the time of completion of the Business Combination, and the terms of the Resulting Issuer's New Option Plan and RSU Plan, see *"Part IV – Information Concerning the Resulting Issuer –Options to Purchase Securities."*

Employment, Consulting and Management Agreements

The Resulting Issuer expects to enter into agreements with its NEOs substantially on the same terms as set out in their current employment arrangements with Abaxx, including without limitation any terms providing for termination or Change of Control payments. See *"Part III – Information Concerning the Target Company – Executive Compensation"*.

Pension Plan Benefits

The Resulting Issuer does not anticipate having a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Compensation of Directors

The Resulting Issuer is not expected to pay compensation by way of an annual fee or any other cash payment to any of its directors for services as a director. Directors will be eligible to receive equity incentive awards under the New Option Plan and RSU Plan. See also “*Part IV – Information Concerning The Resulting Issuer – Options to Purchase Securities*” below for stock options held by directors and officers at the time of completion of the Business Combination.

Indebtedness of Directors and Officers

No director or officer of the Issuer, Abaxx, or proposed director or officer of the Resulting Issuer, or associate thereof, is indebted to the Issuer, Abaxx, or a subsidiary of the Abaxx, or another entity that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer, Abaxx, or a subsidiary of the Target Company, nor are any of the foregoing individuals expected to be indebted to the Resulting Issuer following Closing.

Investor Relations Arrangements

The Issuer does not have any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer. The Issuer may make such arrangements, subject to the rules and policies of the Exchange.

Options to Purchase Securities

New Option Plan

The Resulting Issuer intends to keep the New Option Plan approved by Issuer Shareholders at the Issuer Shareholders’ Meeting following the Completion of the Transaction. The New Option Plan sets the number of Resulting Issuer Shares issuable thereunder at a maximum of 10% of the Resulting Issuer Shares issued and outstanding at the time of any grant. Implementation of the New Option Plan is subject to acceptance by the NEO Exchange and Issuer Shareholder approval at the Issuer’s Shareholder Meeting. The New Option Plan is intended to be implemented following Completion of the Transaction.

The New Option Plan provides that the Board of Directors may, from time to time, in its sole discretion, grant incentive stock options to directors, officers, employees and consultants of the Resulting Issuer or any subsidiary of the Resulting Issuer (each, an “**Eligible Person**”). The New Option Plan provides for a floating maximum limit of 10% of the outstanding Resulting Issuer Shares as permitted by the policies of the NEO Exchange, which represents 6,349,063 million options to purchase Resulting Issuer Shares available under the New Option Plan.

The following is a summary of the material terms of the New Option Plan (any terms not defined in this Disclosure Document have the meaning defined in the New Option Plan):

1. The aggregate maximum number of Resulting Issuer Shares available for issuance from treasury under the Stock Option Plan at any given time is 10% of the outstanding Resulting Issuer Shares as at the date of grant of an option under the Stock Option Plan.
2. No options shall be granted to any participant if such grant could result, at any time, in:
 - i. the issuance of any one individual, within a one-year period, of a number of Resulting Issuer Shares exceeding 5% of the issued and outstanding Resulting Issuer Shares;
 - ii. the issuance to any one consultant, within any 12-month period, of a number of Resulting Issuer Shares exceeding 2% of the issued and outstanding Resulting Issuer Shares; and
 - iii. the issuance to employees conducting investor relations activities, within any 12-month period, of an aggregate number of Resulting Issuer Shares exceeding 2% of the issued and outstanding Resulting Issuer Shares;

unless permitted otherwise by any applicable stock exchange.

3. Disinterested shareholder approval is required for the following:
 - i. any individual stock option grant that would result in the grant to insiders (as a group), within a 12-month period, of an aggregate number of options exceeding 10% of the issued Resulting Issuer Shares, calculated on the date an option is granted to any insider; and
 - ii. any individual stock option grant that would result in the number of Resulting Issuer Shares issued to any individual in any 12-month period under this Plan exceeding 5% of the issued Resulting Issuer Shares, less the aggregate number of shares reserved for issuance or issuable under any other share compensation arrangement of the Resulting Issuer.
4. The term of an option shall not exceed 10 years from the date of grant of the option.
5. An option shall vest and may be exercised in whole or in part at any time during the term of such option after the date of the grant as determined by the Board of Directors, subject to extension where the expiry date falls within a blackout period.
6. Options may be granted by the Resulting Issuer pursuant to the recommendations of the Board of Directors or a committee appointed to administer the Stock Option Plan from time to time provided and to the extent that such decisions are approved by the Board of Directors.
7. Options shall not be transferable or assignable by the participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a participant only by the participant and after death only by the participant's legal representative.
8. If a participant who is a non-executive director of the Resulting Issuer ceases to be an Eligible Person as a result of his or her retirement from the Board of Directors, each unvested option held by such participant shall automatically vest on the date of his or her retirement from the Board of Directors, and thereafter each vested option held by such participant will cease to be exercisable on the earlier of the original expiry date of the option and one year after the date of his or her retirement from the Board of Directors.
9. If a participant ceases to be an Eligible Person for any reason whatsoever, other than under an exception under the Stock Option Plan, each vested option held by the participant will cease to be exercisable on the earlier of the original expiry date of the option and 90 days after the termination date; provided that all unvested options held by such participant shall automatically terminate and become void on the termination date of such participant.
10. If a participant dies, the legal representative of the participant may exercise the participant's vested options for a period until the earlier of the original expiry date of the option and 12 months after the date of the participant's death, but only to the extent the options were by their terms exercisable on the date of death.

The foregoing summary of the material terms of the New Option Plan is qualified in its entirety by the full text of the New Option Plan attached as Schedule D to this Disclosure Document.

RSU Plan

At the Issuer Shareholder's Meeting, the Issuer Shareholders approved the RSU Plan. Implementation of the RSU Plan is subject to acceptance by the NEO Exchange. The RSU Plan is intended to be implemented following Completion of the Transaction.

The purpose of the RSU Plan is to attract and retain highly qualified officers, directors, key employees, consultants and other persons, and to motivate such officers, directors, key employees, consultants and other persons to serve the Resulting Issuer and its affiliates ("**Affiliates**") and to expend maximum effort to improve the business results and earnings of the Resulting Issuer, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Resulting Issuer. To this end, the RSU Plan provides for the grant of restricted stock units ("**RSUs**"). Any of these awards of RSUs may, but need not, be made as performance incentives

to reward attainment of annual or long-term performance goals (as such performance goals are specified in the award agreement). The RSU Plan is intended to complement the Stock Option Plan by allowing the Resulting Issuer to offer a broader range of incentives to diversify and customize the rewards for management and staff to promote long term retention.

The RSU Plan is available to directors, employees and consultants (collectively referred to in the RSU Plan as “**Service Providers**”) of the Resulting Issuer and its subsidiaries (the “**Eligible Grantees**”), as determined by the Board of Directors.

The following information is a brief summary of the material features of the RSU Plan:

1. The RSU Plan provides for a fixed maximum limit of 730,000 Resulting Issuer Shares. The number of Resulting Issuer Shares issued or to be issued under the RSU Plan and all other security-based compensation arrangements, at any time, shall not exceed 10% of the total number of the issued and outstanding Resulting Issuer Shares.
2. The total number of Resulting Issuer Shares issuable to insiders under the RSU Plan, at any time, together with any other security-based compensation arrangements of the Resulting Issuer, shall not exceed 10% of the issued and outstanding Resulting Issuer Shares.
3. The total number of Resulting Issuer Shares issuable to insiders within any one-year period under the RSU Plan shall not exceed 10% of the issued and outstanding Resulting Issuer Shares.
4. The total number of Resulting Issuer Shares issuable to any one Service Provider within any one-year period under the RSU Plan shall not exceed 2% percent of the issued and outstanding Resulting Issuer Shares.
5. Neither awards nor any rights under any such awards shall be assignable or transferable. If any Resulting Issuer Shares covered by an award are forfeited, or if an award terminates without delivery of any underlying Resulting Issuer Shares, then the number of Resulting Issuer Shares counted against the aggregate number of Resulting Issuer Shares available under the RSU Plan with respect to such award shall, to the extent of any such forfeiture or termination, again be available for making awards under the RSU Plan. The RSU Plan shall terminate automatically after ten years and may be terminated on any earlier date or extended by the Board of Directors.

The Board of Directors may, at any time, in its sole discretion and without shareholder approval, amend, suspend, terminate or discontinue the RSU Plan and may amend the terms and conditions of any awards thereunder, subject to (a) any required approval of any applicable regulatory authority or the NEO Exchange, and (b) approval of shareholders of the Resulting Issuer, provided that shareholder approval will not be required for the following amendments and the Board of Directors may make changes which may include: (i) amendments of a 'housekeeping nature'; (ii) changes to vesting provisions; or (iii) changes to the term of the RSU Plan or awards made under the RSU Plan provided those changes do not extend the restriction period of any RSU beyond the original expiry date or restriction period. The Board of Directors may amend, modify, or supplement the terms of any outstanding award.

The RSU Plan provides that the Board of Directors may from time to time, in its discretion, grant to Eligible Grantees RSUs. The RSU Plan provides for a fixed maximum limit of 730,000 of the outstanding Resulting Issuer Shares. At the time a grant (“**Grant Date**”) of RSUs is made, the Board of Directors may, in its sole discretion, establish a period of time (a “**Vesting Period**”) applicable to the RSUs. Each award of RSUs may be subject to a different Vesting Period. The Board of Directors may, in its sole discretion, at the time a grant of RSUs is made, prescribe restrictions in addition to or other than the expiration of the Vesting Period. Notwithstanding the foregoing, (i) RSUs that vest solely by the passage of time shall not vest in full in less than three years from the Grant Date; (ii) RSUs for which vesting may be accelerated by achieving performance targets shall not vest in full in less than one year from the Grant Date; and (iii) RSUs granted to outside directors vest, (a) at the election of an outside director at the time the award is granted, within a minimum of one year to a maximum of three years following the Grant Date, as the outside director may elect, and (b) if no election is made, upon the earlier of a change of control.

A cash payment shall be in the amount equal to the “Market Price” per share (as defined in RSU Plan) as of the trading day before the date of vesting, and certified funds shall be paid for the RSUs valued at the Market Price. A Resulting

Issuer Share payment shall be for Resulting Issuer Shares issued by the Resulting Issuer from treasury and a share certificate for that number of Resulting Issuer Shares equal to the number of vested RSUs shall be free of all restrictions. The cash payment or Resulting Issuer Shares shall be delivered to the Eligible Grantee.

If an Eligible Grantee's employment is terminated with cause, the Resulting Issuer may, within 30 days, annul an award if the grantee is an employee of the Resulting Issuer or an Affiliate.

If an Eligible Grantee ceases to be an eligible “Service Provider” under the RSU Plan, the RSUs held by the Eligible Grantee shall expire and terminate immediately upon the Eligible Grantee ceasing to be an eligible person under the RSU Plan, provided that: (a) if, before the expiry of an RSU, an Eligible Grantee ceases to be an eligible person under the RSU Plan (an “**Event of Termination**”) for any reason other than his or her resignation or termination for cause of his or her employment with the Company, or his or her resignation or failure to be re-elected as a director of the Company, then the Eligible Grantee may: (i) be entitled to receive RSUs to the extent that he or she was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date three months following the date of such Event of Termination, or prior to the close of business on the expiration date of the RSU, whichever is earlier; and (ii) with the prior written consent of the Board of Directors or the Corporate Governance and Compensation Committee, which consent may be withheld in the Company’s sole discretion, permit the vesting of any RSUs which have not yet vested at any time up to and including, but not after, a date three months following the date of such Event of Termination, or prior to the close of business on the expiration date of the RSU, whichever is earlier. The Board of Directors or the Corporate Governance and Compensation Committee in its sole discretion may extend the time permitted to exercise any RSUs which have not yet vested at any time up to and including, but not after, a date twelve months following the date of such Event of Termination.

Upon the expiration or termination of the Vesting Period and the satisfaction of any other restrictions prescribed by the Board, the RSUs shall vest and shall be settled in either cash or Resulting Issuer Shares, as the Board of Directors may so determine, unless otherwise provided in an award agreement.

If an Eligible Grantee dies before the expiry of an RSU, the Eligible Grantee’s legal representative(s) may, subject to the terms of the award agreement and the RSU Plan, exercise the RSUs to the extent that the Eligible Grantee was entitled to do so at the date of his or her death at any time up to and including, but not after, a date one year following the date of death of the Eligible Grantee, or prior to the close of business on the expiration date of the RSU, whichever is earlier.

As of the date of this Disclosure Document, no RSUs have been issued and the number of Resulting Issuer Shares remaining available for issuance under the RSU Plan is 730,000.

The foregoing summary of the material terms of the RSU Plan is qualified in its entirety by the full text of the RSU Plan attached as Schedule E to this Disclosure Document.

In addition to issuing Resulting Issuer Options and Resulting Issuer Warrants in exchange for Abaxx Warrants and Abaxx Options, the Resulting Issuer, at the Effective Time, issued Resulting Issuer Options to purchase up to an aggregate of 2,750,000 Resulting Issuer Shares at an exercise price of \$1.00 per Resulting Issuer Share and expiring on the date which is five years from the Effective Date (the “**Closing Option Grant**”).

The table below indicates the groups holding options purchase the Resulting Issuer Shares at the Effective Time, including the option grant noted above.

Group (Number of Persons in Group) (current and former)	Resulting Issuer Shares Under Options Grant (#)	Exercise Price	Expiration Date
Directors (2) (who are not officers) ⁽¹⁾	182,025 ⁽⁴⁾	\$0.3236	October 1, 2023
	101,125 ⁽⁵⁾	\$0.809	October 1, 2023
	20,225 ⁽⁶⁾	\$0.445	April 1, 2025
	675,000 ⁽⁷⁾	\$1.00	December 14, 2025 ⁽²⁾

Officers (5) (including directors who are also officers) ⁽³⁾	288,813 ⁽⁸⁾	\$0.3236	October 1, 2023
	323,600 ⁽⁹⁾	\$0.809	October 1, 2023
	7,281 ⁽¹⁰⁾	\$0.3236	February 1, 2024
	97,080 ⁽¹¹⁾	\$0.445	April 1, 2025
	64,720 ⁽¹²⁾	\$0.6472	June 1, 2025
	185,000 ⁽¹³⁾	\$1.00	December 14, 2025 ⁽²⁾
Employees and Consultants (16) ⁽¹⁴⁾	399,916	\$0.3236	October 1, 2023
	304,184	\$0.3236	February 1, 2024
	384,275	\$0.809	October 1, 2023
	129,440	\$0.809	February 1, 2024
	53,932	\$0.809	April 1, 2025
	411,243	\$0.445	April 1, 2025
	60,675	\$0.6472	June 1, 2025
	1,827,500	\$1.00	December 14, 2025 ⁽²⁾
Past Directors and Officers of the Resulting Issuer (5)	62,500 ⁽¹⁵⁾	\$1.00	December 14, 2025 ⁽²⁾
Total	5,578,534		

Notes:

- (1) Including Margot Naudie, and Mason Wallick, director of ACX.
- (2) Expiring five years after the Effective Date.
- (3) Including Joshua Crumb, Aamer Siddiqui, Dennis Peterson, Dan McElduff, President of ACX, and Joe Raia, Chief Commercial Officer of ACX.
- (4) Represents the Abaxx Options granted to Mason Wallick and Margot Naudie on October 1, 2018. The Abaxx Options granted to Mason Wallick and Margot Naudie were valued at \$82,125 on October 1, 2018, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$212,696.
- (5) Represents the Abaxx Options granted to Margot Naudie on October 1, 2018. The Abaxx Options granted to Margot Naudie were valued at \$43,125 on October 1, 2018, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$113,851.
- (6) Represents the Abaxx Options granted to Margot Naudie on April 1, 2020. The Abaxx Options granted to Margot Naudie were valued at \$18,530 on April 1, 2020, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$23,370.
- (7) Part of Closing Option Grant. Represents the Resulting Issuer Options to be granted on the Effective Date to W. Scott Leckie (125,000), Daniel P. Owen (125,000), Thom McMahon (125,000), Catherine Flax (250,000) and Mason Wallick (50,000) (the “**New Director Optionees**”). The Resulting Issuer Options granted to New Director Optionees carry an implied valued of \$621,356 on September 30, 2020, in accordance with the Black-Scholes formula. All Resulting Issuer Options issued to the New Director Optionees will vest 50% on the date of grant (i.e. the Effective Date) and 50% on the first anniversary of the Effective Date.
- (8) Represents the Abaxx Options granted to Joshua Crumb, Dan McElduff and Dennis Peterson on October 1, 2018. The Abaxx Options granted to Joshua Crumb, Dan McElduff and Dennis Peterson were valued at \$130,241 on October 1, 2018, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$337,477.
- (9) Represents the Abaxx Options granted to Joshua Crumb, Dan McElduff, Aamer Siddiqui and Dennis Peterson on October 1, 2018. The Abaxx Options granted to Joshua Crumb, Dan McElduff, Aamer Siddiqui and Dennis Peterson were valued at \$138,171 on October 1, 2018, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$364,324.
- (10) Represents the Abaxx Options granted to Dan McElduff on February 1, 2019. The Abaxx Options granted to Dan McElduff were valued at \$6,754 on February 1, 2019, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$8,508.
- (11) Represents the Abaxx Options granted to Joe Raia on April 1, 2020. The Abaxx Options granted to Joe Raia were valued at \$112,176 on April 1, 2020, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$112,176.
- (12) Represents the Abaxx Options granted to Joe Raia on June 1, 2020. The Abaxx Options granted to Joe Raia were valued at \$73,636 on June 1, 2020, in accordance with the Black-Scholes formula. As of the date hereof, the Abaxx Options are valued at \$73,636.
- (13) Part of Closing Option Grant. Represents the Resulting Issuer Options to be granted on the Effective Date to Ryan Ingram (125,000) and Tan Tock Siong (60,000) (the “**New Officer Optionees**”). The Resulting Issuer Options granted to New Officer Optionees carry an implied valued of \$168,516 on September 30, 2020, in accordance with the Black-Scholes

formula. The Resulting Issuer Options granted to the New Officer Optionees shall vest one-third on the date of grant (i.e. the Effective Date), one-third on the first anniversary of the Effective Date, and the remaining one-third on the second anniversary of the Effective Date.

- (14) Represents 1,743,665 Resulting Issuer Options to be issued in exchange for outstanding Abaxx Options held by proposed consultants of the Resulting Issuer upon Closing
- (15) Part of Closing Option Grant. Represents the Resulting Issuer Options to be granted on the Effective Date to Mario Caron, former director of the Issuer. The Resulting Issuer Options granted to Mario Caron carries an implied valued of \$56,937.50 on September 30, 2020, in accordance with the Black-Scholes formula. All Resulting Issuer Options issued to the Mario Caron will vest 50% on the date of grant (i.e. the Effective Date) and 50% on the first anniversary of the Effective Date.

Escrowed Securities

The following table lists, to the knowledge of the Resulting Issuer, the holder of escrowed securities, the number of securities held in escrow pursuant to the Resulting Issuer Escrow Agreement, and the percentage of securities held in escrow by Mr. Joshua Crumb, who will be a holder of escrowed securities before and after the Business Combination.

Name and Municipality of Residence of Securityholder	Prior to Giving Effect to the Transaction			After Giving Effect to the Transaction		
	Designation of class	Number of securities held in escrow	Percentage of class ⁽¹⁾⁽²⁾	Designation of Class ⁽³⁾	Number of securities to be held in escrow ⁽⁴⁾	Percentage of class ⁽¹⁾
Joshua Crumb <i>Fort Collins, Colorado</i>	Abaxx Common Shares	13,673,089	21.3%	Resulting Issuer Shares	11,061,529	17.4%

Notes:

- (1) On an undiluted basis.
- (2) After taking into effect the Share Consolidation and Exchange Ratio.
- (3) The Escrow Agent of the Resulting Issuer securities subject to escrow is Computershare Trust Company of Canada with an address at 100 University Ave., Toronto, Ontario M5J 2Y1.

The Escrow Agent is escrow agent for the Resulting Issuer Escrow Agreement. The Resulting Issuer Escrow Agreement shall include the following principal terms:

- a. 25% of the securities will be released from escrow on the date of the Final NEO Approval;
- b. 33% of the remaining Escrowed Securities will be released from escrow on six-month anniversary of the Final NEO Approval;
- c. 50% of the remaining Escrowed Securities will be released from escrow on the one-year anniversary of the Final NEO Approval;
- d. The remaining Escrowed Securities will be released on the eighteen-month anniversary of the Final NEO Approval; and
- e. While in escrow, none of the escrowed securities can be transferred, either directly or indirectly through a change in control of a holding company, without the consent of the NEO Exchange.

Auditor, Transfer Agent and Registrar

At the Closing, the auditor of the Resulting Issuer will be MNP LLP, 300, 111 Richmond St. W., Toronto, Ontario M5H 2G4. The registrar and transfer agent of the Resulting Issuer Shares will be Computershare Investor Services Inc., 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1.

PART V – GENERAL MATTERS

Sponsorship and Agent Relationship

Sponsor

Abaxx entered into an agreement (the “**Sponsorship Agreement**”) dated October 6, 2020 with Cormark Securities Inc. (the “**Sponsor**”) pursuant to which the Sponsor agreed to provide certain services to Abaxx in connection with a listing of the Resulting Issuer on the TSXV. The services to be provided by the Sponsor included reviewing the directors and management of the Issuer and Abaxx and reviewing certain of the financial and corporate information filed by the Issuer with the TSXV, the securities commissions in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland, as required by the TSXV’s sponsorship policy.

Under the Sponsorship Agreement, Abaxx agreed to pay the Sponsor a fee of \$50,000. The Sponsorship Agreement has a term expiring on completion of the transaction and listing on the TSXV or the withdrawal of the Sponsor.

On November 20, 2020, the Issuer announced the Parties to the Transaction intended to seek a listing on the NEO Exchange. In connection with the listing of the Resulting Issuer Shares on the NEO Exchange, the Sponsor submitted to the NEO Exchange a summary of the due diligence work conducted while preparing the TSXV Sponsorship Report.

Experts

Opinions

MNP LLP, 111 Richmond Street West, Toronto, Ontario M5H 2G4, prepared the auditor’s report for the audited financial statements of Abaxx for the years ended December 31, 2019 and 2018, which are attached as Schedule B-2 hereto. MNP LLP has advised Abaxx that, as of the date of this Disclosure Document, it is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

MNP LLP, 800-1600 Carling Avenue, Ottawa, Ontario K1Z 1G3, prepared the auditor’s report for the audited consolidated financial statements of the Issuer for the years ended December 31, 2019 and 2018, which are attached as Schedule A-2 hereto. MNP LLP has advised the Issuer that it is independent in accordance with the “Code of Profession Conduct of the Chartered Professional Accountants of Ontario”.

To the knowledge of the Issuer and Abaxx, none of the experts above or their respective Associates or Affiliates, beneficially owns, directly or indirectly, any securities of the Issuer or Abaxx, has received or will receive any direct or indirect interests in the property of the Issuer or Abaxx or is expected to be elected, appoint, or employed as a director, officer, or employee of the Resulting Issuer or any Associate or Affiliate thereof.

Interest of Experts

Immediately prior to the Effective Time, Dennis Peterson of Peterson McVicar LLP, counsel to Abaxx, owned directly or indirectly, in the aggregate, 695,833 Abaxx Common Shares. Upon Closing, the Resulting Issuer issued 568,003 Resulting Issuer Shares in exchange for the Abaxx Common Shares and Abaxx Warrants owned directly or indirectly by Mr. Peterson. This represents less than 1% of the issued and outstanding Resulting Issuer shares.

Other Material Facts

To the Resulting Issuer’s knowledge, there are no other material facts about the Issuer, Abaxx, the Resulting Issuer or the Business Combination that are not disclosed under the preceding items and are necessary in order for the Disclosure Document to contain full, true and plain disclosure of all material facts relating to the Issuer, Abaxx, and the Resulting Issuer.

Board Approval

The board of directors of the Resulting Issuer have approved this Disclosure Document.

SCHEDULE A-1

MANAGEMENT DISCUSSION AND ANALYSIS OF
NEW MILLENNIUM IRON CORP.
FOR THE YEAR ENDED
DECEMBER 31, 2019 AND THE SIX MONTHS
ENDED JUNE 30, 2020



NEW MILLENNIUM IRON CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

(Fourth Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") of New Millennium Iron Corp., ("New Millennium" or "NML" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, on how the Company performed during the three-month period and year ended December 31, 2019. It includes a review of the Company's financial condition and a review of operations for the three-month period and year ended December 31, 2019, as compared to the three-month period and year ended December 31, 2018.

This MD&A complements the audited consolidated financial statements for the year ended December 31, 2019, but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the audited consolidated financial statements as at December 31, 2019, and related notes.

The audited consolidated financial statements for the years ended December 31, 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB"), applicable to the preparation of annual consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at December 31, 2019. On March 25, 2020, the Board of Directors approved, for issuance, the annual consolidated financial statements and this MD&A.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of New Millennium are listed on the Toronto Stock Exchange ("TSX") under the symbol "NML".

REPORT'S DATE

The MD&A was prepared with the information available as at March 25, 2020.

READER ADVISORY

This MD&A contains certain forward looking statements and forward looking information (collectively referred to herein as "forward looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward looking statements. Forward looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this MD&A may contain forward looking statements relating to future opportunities, business strategies, mineral exploration, development and production plans and competitive advantages.

The forward looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, the actual results of exploration and development projects being equivalent to or better than estimated results in technical reports or prior activities, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ

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materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward looking statements, including among other things: inability of the Company to continue meeting the listing requirements of stock exchanges and other regulatory requirements, general economic and market factors, including business competition, changes in government regulations or in tax laws; general political and social uncertainties; commodity prices; the actual results of exploration, development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of, or estimates contained in, feasibility studies, pre-feasibility studies or other economic evaluations; and lack of qualified, skilled labour or loss of key individuals; as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, along with the Company's annual information form, all of which are filed and available for review on SEDAR at www.sedar.com. Readers are cautioned that the foregoing list is not exhaustive.

The forward looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

With respect to the disclosure of historical resources in this MD&A that are not currently in compliance with National Instrument 43-101 ("NI 43-101"), a Qualified Person (as such term is defined under NI 43-101) (a "Qualified Person") has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, the Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon.

OVERVIEW OF BUSINESS

NML is a Canadian iron ore exploration, evaluation and development company with an extensive property position called the Millennium Iron Range ("MIR") in Canada's principal iron ore district, the Labrador Trough, straddling the Province of Newfoundland and Labrador and the Province of Quebec, in the Menihek Region around Schefferville, Quebec. The Company's project areas are connected via a well-established, heavy-haul rail network to the Port of Sept-Îles, Quebec, where the Company has an interest in reserved shiploading capacity at a newly constructed wharf capable of servicing large, Panamax-class bulk carriers.

Tata Steel Limited ("Tata Steel"), a global steel producer and industry leader, owns approximately 26.2% of the Company and is the Company's largest shareholder.

NML has a 4.32% interest in Tata Steel Minerals Canada Ltd. ("TSMC"), which is owner and operator of a direct shipping ore ("DSO") project near Schefferville. The DSO project produces and ships sinter fines. Subsidiaries of Tata Steel and the Quebec Government's financing arm, Investissement Québec, own 77.68% and 18% respectively of TSMC.

Beyond TSMC, the Company offers further development potential through a group of seven, NI 43-101 compliant, long-life taconite properties capable of producing high quality pellets and pellet feed to service the requirements of steel makers with either blast furnace or direct reduced iron making operations. Two of these deposits – LabMag and KéMag – were the subject of large-scale development feasibility studies carried out by the Company and Tata Steel, published in March 2014, and filed on SEDAR.

With these feasibility study results as a foundation, the Company reviewed its taconite development strategy through the design of a smaller market entry project called the NuTac Project, for which a NI 43-101 prefeasibility study was carried out, published in June 2016, and filed on SEDAR.

In the currently challenging market environment for new greenfield iron ore projects, NML has implemented cash conservation measures, while protecting its mineral claims and iron ore development positioning. At the

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end of 2018, the Company announced the study with assistance from independent advisors of new business opportunities aimed at diversifying its iron ore and infrastructure interests.

MINERAL EXPLORATION AND EVALUATION ASSETS

The Company holds interests in 1,223 claims distributed among taconite iron ore properties in Newfoundland and Labrador ("NL") and Québec.

Table 1 below represents the 1,174 claims with potential economic benefit, while Table 2 below shows NML's prominent NI 43-101 compliant resource holdings not only for LabMag and KéMag, but also the other important MIR deposits presented, for which exploration drilling and analysis has been effectively completed. The expenditures incurred to date on each of the Company's Taconite properties are presented in Table 3 below.

Table 1
NML – Summary of Mineral Claims

Province	Ownership	LabMag Property	KéMag Property	Howells Lake-Howells River North Properties	Perault Lake Property	Lac Ritchie Property	Sheps Lake Property	Other Properties	Total
NL	NML	-	-	122 [30.5 km ²]	217 [54.25 km ²]	-	-	18 [4.5 km ²]	357 [89.25 km ²]
	LLP	256 [64 km ²]	-	145 [36.25 km ²]	-	-	120 [30 km ²]	-	521 [130.25 km ²]
Québec	NML	-	171 [83.3 km ²]	-	-	97 [47.0 km ²]	-	28 [13.8 km ²]	296 [144.1 km ²]
Total		256 [64 km ²]	171 [83.3 km ²]	267 [66.75 km ²]	217 [54.25 km ²]	97 [47.0 km ²]	120 [30 km ²]	46 [18.3 km ²]	1,174 [363.6 km ²]

Note: Claims registered under New Millennium Iron Corp. are owned 100% by the Company. Claims registered under LabMag Limited Partnership ("LLP") are owned 80% by the Company through its interest in LLP.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stages of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and restrictions arising from regulatory requirements.

Table 2
NML – Millennium Iron Range Taconite Properties

Property	Reserves and Resources Category, Million Tonnes		
	Proven & Probable	Measured & Indicated	Inferred
KéMag	2,384		1,007
LabMag	3,933	388	1,063
Howells Lake-Howells River North		7,631	3,310
Sheps Lake		1,967	289
Perault Lake		1,612	507
Lac Ritchie		3,330	1,437
Total	6,317	14,928	7,613

Note (1): NML owns 100% of the properties mentioned above except for LabMag, Howells River North and Sheps Lake, which are 80% owned through the Company's interest in LabMag Limited Partnership.

Note (2): The cut-off used to report these resources is minimum 18% Davis Tube Weight Recovery.

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Table 3
NML – Cumulative Costs Incurred on Taconite Properties

Property	Cumulative Expenditures
KéMag	\$15,953,851
LabMag	28,489,052
Howells Lake-Howells River North	5,123,611
Sheps Lake	1,361,451
Perault Lake	5,088,918
Lac Ritchie	2,493,931
Total	\$58,510,814

Note: These expenditures are net of tax credits, mining duties and Tata Steel's option payments on the Taconite Projects.

NML TACONITE STUDIES

The taconite deposits controlled by NML have similar characteristics in terms of geology, mineralogy and metallurgical properties. Each is a long-life property with inherently low alumina and phosphorus that can yield high quality saleable products with the same processing technologies. Similar taconite ores in the United States have been a principal source of iron ore pellets for steelmakers since the 1950s.

Two of NML's deposits have been comprehensively assessed for their technical and commercial development potential through several studies discussed below. These are the KéMag deposit at Lac Harris, Québec, about 50 km to the northwest of Schefferville, QC, and the LabMag deposit at Howells River, NL, in the Menihek region of western Labrador, bordering Québec and also near Schefferville. Management believes these project studies provide sufficiently detailed technical and economic criteria and analysis for discussions with third parties interested in the next stage of development.

Other taconite deposits controlled by the Company and explored to NI 43-101 compliance are also presented in this section.

NuTac Project

The NuTac pre-feasibility study ("PFS"), a 2016 NI 43-101 technical report, is a re-scoping of previous mining processing work (see The Taconite Project section below). The PFS is designed for a project to produce 8.7 million tonnes of concentrate, and manufacture pellets through a plant located at Pointe-Noire, Quebec, with 9 million tonnes of annual capacity. The PFS concept is a pellet project sized and costed for market entry when conditions permit.

Pre-Feasibility Study Results

In June 2016, NML announced the results of its NuTac Project begun in September 2015 to examine a further range of options for development of the MIR taconite properties, together with the use of existing and planned infrastructure for rail haulage, stockpiling and shiploading. The NuTac Project was in response to the changed macroeconomic environment for iron ore and resulted in an alternative to the Taconite Project as a development concept.

Under NuTac, a PFS reviewed all development aspects of each of NML's taconite deposits, including resources, location, ownership, jurisdictional considerations, market potential and historical work, and the KéMag deposit, in which NML holds a 100% interest, was selected for base case analysis, although other deposits also showed attractive development potential.

The NuTac project thus produced a re-scoped project development plan for KéMag in the form of a lower capital cost project servicing mainly the growing pellet segment of the iron ore market.

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Whereas the Taconite Project evaluated the mining of the LabMag and/or KéMag deposits followed by the production of ~23 million tonnes per year ("Mtpy") of concentrate at the mine site and its transportation in slurry form via a buried pipeline to a pellet plant at Sept-Îles, resulting in an overall saleable product mix of ~17 Mtpy of pellets and ~6 Mtpy of concentrate, NuTac targets the production of ~9 Mtpy of pellets. The sale of fine-sized iron ores, such as concentrate or pellet feed, was not central to the NuTac business plan, but there would be flexibility to adapt if warranted by market demand.

A NI 43-101 Technical Report ("Report") on NuTac confirmed by Qualified Persons in their respective fields and stating the highlights of the PFS results for the NuTac Project was filed on SEDAR on July 21, 2016. The effective date of the Report was June 9, 2016, and there were no material differences between the PFS results announced earlier and those contained in the Report.

In Management's view, the NuTac PFS shows a solid project outcome targeting the high-quality segment of the iron ore market, based on the established resource identification and processing technology available from earlier studies, along with balanced assumptions. While no decisions on further work have been made, the PFS defines the next engineering, permitting and financing steps required to advance the development of KéMag, thereby adding to the NML Board's range of options when considering opportunities to monetize NML's significant taconite assets.

The Taconite Project

On March 6, 2011, the Company signed a Heads-of-Agreement ("HOA") with Tata Steel Global Minerals Holdings PTE Ltd. ("Tata Steel") in respect of potential development projects for the LabMag Property and the KéMag Property (collectively referred to as the "Taconite Project"). Under the HOA, Tata Steel participated in a feasibility study to evaluate the potential development of these projects and has the option to own an 80% interest should there be a project outcome.

Each of the LabMag and KéMag deposits could support a large-scale iron ore concentrating and pelletizing complex comparable to that of existing Labrador Trough producers and become a source of saleable product qualities capable of servicing iron making through either the blast furnace or direct reduction route. Recognizing the macro-economic situation poses challenges for development of the Taconite Project as currently conceived in the HOA, each of NML and Tata Steel are revisiting their possible approaches with respect to these properties.

Other Properties

Howells Lake and Howells River North

These two Properties are located approximately 47 km northwest of Schefferville in the Elross Township and occur in the same continuous taconite formation. These two areas were drilled in detail in 2012. Based on the drilling results, NML engaged SGS Canada Inc. ("SGS") to provide a NI 43-101 compliant resource estimation. SGS provided a combined resource estimation report for the Howells Lake and Howells River North Properties.

Sheps Lake

The Sheps Lake Property is located in NL, south of the LabMag property and is approximately 20 km southwest of Schefferville. NML carried out drilling in 2011 and 2012. SGS provided a NI 43-101 compliant resource estimation.

Perault Lake

The Perault Lake Property is located in NL, immediately south of the Sheps Lake Property, approximately 17 km southwest of Schefferville. In 2012, NML carried out a Phase 1 exploration drilling program. Based on the results of the drilling, SGS provided a NI 43-101 compliant mineral resource estimation.

Lac Ritchie

The Lac Ritchie Property is located approximately 134 km northwest of Schefferville and approximately 70 km northwest of the KéMag deposit in Québec. NML conducted Phase 1 drilling in 2011. Based on the results

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of drilling, SGS provided a NI 43-101 compliant Technical Report on the mineral resource estimates for the property.

GENERAL CORPORATE AFFAIRS

In 2019, NML continued its cash conservation measures and new investment strategies aimed at keeping the Company cash flow neutral. As at December 31, 2019, NML held approximately \$14.3 million in cash and marketable securities, and had overall working capital of \$14.0 million. The Company's business priorities such as claims management, essential administration and regulatory matters are being successfully carried out by a small management team.

Assignment of Portion of PSI Contract Capacity

On November 19, 2018, NML closed the previously announced transaction under which 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by NML in a July 2012 contract with the Sept-Îles Port Authority (the "Port"), along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract were sold to Tacora Resources Inc. Tacora is currently re-starting the Scully Mine located near the town of Wabush, Newfoundland and Labrador.

Total cash consideration of \$4 million was paid to NML and further payments to NML of \$0.10 per tonne of iron ore shipped under the sold capacity over a 20-year period through the Port facilities to commence from and after the date of Tacora's first shipment through the Port facilities.

Tacora Resources Inc. began shipments of its iron ore concentrates during the quarter ended September 30, 2019. NML has received royalty payments in accordance with the agreement between NML and Tacora Resources Inc. The Tacora shipments of its iron ore continued in the fourth quarter according and are expected to continue in 2021. The table below indicates the tonnage shipped for the year ended December 31, 2019.

Tacora Resources Inc. - Tonnage Shipped	
Quarter	Gross weight (metric tons of iron ore)
Q3 2019	295,291
Q4 2019	622,112
Total	917,403

Other than the reduction in NML's annual wharf capacity to 8.5 million tonnes, there is no change to NML's existing arrangements with the PSI regarding the rights and shipping rates related to the remaining reserved capacity and the Company will not be required to make any additional cash outlays to meet its take-or-pay obligation.

Tax credits and mining duties receivable

The Company had claimed various Mining Tax Credits claims and related Mining Duties during the years 2011 to 2014 which resulted in tax credits and mining duties receivable. These claims were contested by Revenue Quebec ("RQ") for which the Company filed notice of objections. In 2019, the Company entered discussions with RQ and reached a settlement on these claims on July 30, 2019 and the Company received notice of assessments from RQ relating to this matter in October 2019. The Company has recorded the final accounting of this settlement in the fourth quarter of 2019.

Due from Tata Steel

During the year, the Company continued its discussions between Tata Steel ("Tata") regarding the previously reported amount due from Tata with Tata advising the Company of disagreement with calculations making up the basis for the receivable. Upon review, the Company has not been provided with sufficient certainty to

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consider the amount due from Tata as collectible and accordingly has written down the full amount of the receivable. The write-down of the receivable does not mean that the Company does not believe that it does not have a valid claim for those costs incurred on behalf of Tata Steel during the Feasibility Studies of the Taconite projects. The Company and Tata Steel are currently reviewing the details of those charges and are confident that a negotiated settlement will be reached.

New Business Initiative

On December 18, 2018, the Company announced the study, with assistance from independent advisors, of new business opportunities aimed at diversifying its iron ore and infrastructure interests. In addition, a Special Committee of independent directors was formed to assist management and the appointed advisors in reviewing opportunities and to make recommendations to the Board.

To date, over 50 opportunities have been reviewed. The Company has entered into several non-disclosure agreements with various parties to review and analyze opportunities in further detail. As part of these detailed reviews, the Company has reviewed various transaction structures, met with management teams and conducted considerable due diligence on the opportunities. The various opportunities reviewed are in sectors including Metals and Mining, Infrastructure, Business Services, Manufacturing, Food & Beverage, Software, Technology and Healthcare. Potential transactions considered under this initiative consist of a wide range of transactions, including mergers, financings and acquisitions of both public and private companies.

It is expected that the Special Committee and its advisors will be able to make recommendations to the Board in the 2020 fiscal year. As of the date of this MD&A, the Company has not entered into any definitive documentation regarding a transaction. The Company will manage disclosure obligations and update shareholders as necessary with respect to any transaction pursued under the New Business Initiative.

Outlook

With regard to the company's main business, in the currently challenging market environment for new greenfield iron ore projects, NML's main projects are on hold and NML has implemented cash conservation measures, while protecting its mineral claims and iron ore development positioning. At the end of 2018, the Company announced the study with assistance from independent advisors of new business opportunities aimed at diversifying its iron ore and infrastructure interests. This study is continuing in 2019 in order to create shareholder value. A Special Committee of independent directors was formed to assist management and the appointed advisors in reviewing opportunities and to make recommendations to the Board.

TSMC'S DSO PROJECT

NML has a 4.32% interest in TSMC, which is owner and operator of a direct shipping ore ("DSO") project near Schefferville, Quebec. The DSO project is in ramp-up stage and produces and ships sinter fines. Subsidiaries of Tata Steel and the Quebec Government's financing arm, Investissement Québec, own the remainder of TSMC.

During the 2019 season, shipments of crushed and screened ore to Europe totaled approximately 1.046 million metric tons (wet basis).

TSMC completed, in early 2019, its enclosed beneficiation plant that, when fully operational, will increase the DSO Project's scale while adding higher quality fines to the saleable product mix. Shipping activity from the plant commenced in mid-2019. The plant is currently in a startup mode.

NML is not active in either the management or operations of TSMC and will only derive revenue from the DSO Project when TSMC is in a dividend-paying position, which is not known at this time.

In conformance with a new accounting standard for the classification and measurement of financial assets effective January 1, 2018, NML has begun to measure its investment in TSMC at fair value (see **Financial Condition** section below). The new accounting standard calls for the fair value to be calculated and reported

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quarterly. A discounted cash flow model was used incorporating TSMC's business assumptions and other factors to arrive at the estimated present value of net cash flow available for projected dividends to the Company as an equity investor. The discounted cash flow model and the related business assumptions and other factors, which include market conditions are more fully described in Note 2.6 and Note 19 of the 2019 audited consolidated financial statements, and are reviewed quarterly.

As at December 31, 2019, the Company determined the fair value of its investment in TSMC to be \$3,463,000, resulting in a decrease of \$6,122,000 for the year then ended. The decrease is based on estimating the same financial metrics that were used to evaluate the fair value in prior quarters. The main changes to the model include the:

- Funding requirements of TSMC which have been principally in debt and preferred shares and resulting in increased carrying costs until the repayment of such instruments;
- Cost of capital that is used for the current market rate of return;
- Market price of iron ore;
- The amount and timing of payment of dividends by TSMC which are affected by the outcome of the above factors;
- US dollar exchange rate; and,
- Internal and external factors that may affect production and logistics, such as production volume levels and cost to produce.

FINANCIAL CONDITION

IFRS Accounting policies

The Company's significant accounting policies under IFRS are disclosed in Note 4 in the audited annual consolidated financial statements for the year ended December 31, 2019.

Use of estimates and judgements

Please refer to Note 2.6 of the 2019 audited annual consolidated financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

Changes in accounting policies

The Company's changes to accounting policies are disclosed in Note 3 in the audited annual consolidated financial statements for the year ended December 31, 2019.

New standards and interpretations that have not yet been adopted

The information is provided in Note 4.19 in the audited annual consolidated financial statements for the year ended December 31, 2019.

Financial Instruments

All financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

An extended description of the Company's financial instruments and their fair values is provided in Note 4.10 and Note 19 in the audited annual consolidated financial statements for the year ended December 31, 2019.

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Selected annual financial information

The following selected financial information is derived from our audited financial statements for each of the three most recently completed financial years.

NEW MILLENNIUM IRON CORP. SELECTED ANNUAL FINANCIAL INFORMATION

	December 31 2019	December 31 2018	December 31 2017
	\$	\$	\$
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE LOSS			
Expenses			
General and administrative expenses	1,153,194	1,025,179	1,634,827
Mineral exploration and evaluation	59,775	(2,316,952)	(195,730)
(Reversal of impairment) impairment of other assets	-	(4,384,245)	38,502,545
Change in fair value of long-term investment	6,122,000	(1,149,000)	-
(Recovery) write-down of tax credits and mining duties receivable	(19,295)	4,445,369	-
Write-down of due from Tata Steel	-	3,843,972	-
Write-off of R&D tax credits payable	(33,893)	-	-
Derecognition of mining duties payable	-	(1,285,049)	-
	7,281,781	179,274	39,941,642
Other items			
Investment income	1,056,438	843,987	667,350
Finance expense	(4,954)	-	-
Change in fair value of marketable securities	778,988	(364,830)	276,842
Revenue from use of wharf	91,740	-	-
	1,922,212	479,157	944,192
Net income (loss)	(5,359,569)	299,883	(38,997,450)
Other comprehensive loss			
Change in fair value of fixed rate investments	(3,345,583)	(1,337,100)	-
	(3,345,583)	(1,337,100)	-
Net income (loss) and comprehensive loss	(8,705,152)	(1,037,217)	(38,997,450)
Net income (loss) attributable to:			
Shareholders of New millennium Iron Corp.	(5,359,569)	299,883	(38,997,450)
Non-controlling interests	-	-	-
Other comprehensive loss attributable to:			
Shareholders of New millennium Iron Corp.	(3,345,583)	(1,337,100)	-
Non-controlling interests	-	-	-
Net loss and comprehensive loss attributable to:			
Shareholders of New millennium Iron Corp.	(8,705,152)	(1,037,217)	(38,997,450)
Non-controlling interests	-	-	-
Basic and diluted loss per share:	(0.03)	0.00	(0.22)
	December 31 2019	December 31 2018	December 31 2017
	\$	\$	\$
CONSOLIDATED STATEMENTS OF CASH FLOWS			
Cash flows from (used for) operating activities	(1,152,227)	3,352,348	(2,834,052)
Cash flows from financing activities	-	93,325	623,202
Cash flows from investing activities	1,474,601	2,564,472	978,477
Net change in cash	322,374	6,010,145	(1,232,373)
	December 31 2019	December 31 2018	December 31 2017
	\$	\$	\$
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
Cash	7,319,439	6,997,065	986,920
Marketable securities	6,873,931	9,411,009	12,590,342
Total current assets	14,325,072	16,466,673	13,641,212
Due from Tata Steel (non-current assets)	-	-	1,763,137
Tax credits and mining duties receivable	-	428,384	4,843,790
Long-term investment	3,463,000	9,585,000	10,148,595
Total non-current assets	3,806,371	10,356,755	17,098,893
Total current liabilities	300,708	199,100	174,241
Total non-current liabilities	716,527	804,968	1,996,692
Non-controlling interest	238,351	238,351	238,351
Equity	17,114,208	25,819,360	28,569,172

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The basic and diluted loss per share during the year ended December 31, 2019 is (\$0.03) (\$0.00 in 2018 and (\$0.22) in 2017). During the year ended December 31, 2019, the Company realized a net loss and comprehensive loss of \$8,705,152 as compared to a net income and comprehensive loss of \$1,037,217 for the year ended December 31, 2018 (an increase of \$7,667,935 compared to 2018) and a net loss and comprehensive loss of \$38,997,450 for the year ended December 31, 2017 (a decrease of \$37,930,233 compared to 2017).

The significant increase of \$7,667,935 for the year ended December 31, 2019 as compared to 2018 in net loss (income) and comprehensive loss (\$8,705,152 in 2019 compared to \$1,037,217 in 2018) is mainly due to the decrease of \$7,271,000 in the change in fair value of the long term investment (markdown of \$6,122,000 in 2019 compared to a markup of \$1,149,000 in 2018).

The significant decrease of \$37,960,233 for the year ended December 31, 2018 as compared to 2017 in net income and comprehensive loss (\$1,037,217 in 2018 compared to \$38,997,450 in 2017) is mainly due to the impairment of other assets of \$38,502,545 recognized in 2017 comprised of the buy in payment for the new multi-user dock and related costs in view of the low probability of NML shipping prior to having fully applied the previously advanced funds to its take-or-pay obligation.

As at December 31, 2019, the total current assets were \$14,325,072, a decrease of \$2,141,601 as compared to the total of current assets of \$16,466,673 as at December 31, 2018. This decrease is mostly due to a significant decrease of \$2,537,078 in marketable securities (\$6,873,931 as at December 31, 2019 as compared to \$9,411,009 as at December 31, 2018). As at December 31, 2018, the total current assets were \$16,466,673, an increase of \$2,825,461 as compared to the total of current assets of \$13,641,212 as at December 31, 2017. This increase is mostly due to a significant increase of \$6,010,145 in cash (\$6,997,065 as at December 31, 2018 as compared to \$986,920 as at December 31, 2017).

As at December 31, 2019, the non-current assets were \$3,806,371, a decrease of \$6,550,384 as compared to the non-current assets of \$10,356,755 as at December 31, 2018. This decrease is mostly due to a markdown of \$6,122,000 in long-term investment (\$3,463,000 as at December 31, 2019 as compared to \$9,585,000 as at December 31, 2018). As at December 31, 2018, the non-current assets were \$10,356,755, a decrease of \$6,742,138 as compared to the non-current assets of \$17,098,893 as at December 31, 2017. This decrease is mostly due to a write-down of tax credit and mining duties receivable of \$4,445,369 combined with a write-down of due from Tata Steel of \$3,843,972 recorded in the statement of loss and comprehensive loss during the year ended December 31, 2018.

The Company's current liabilities as at December 31, 2019 consist of its trade and other payables of \$300,708, an increase of \$101,608 as compared to current liabilities of \$199,100 as at December 31, 2018. As at December 31, 2018, the current liabilities were \$199,100, an increase of \$24,859 as compared to the current liabilities of \$174,241 as at December 31, 2017.

The Company's non-current liabilities as at December 31, 2019 consist of long-term trade and other payables of \$716,527, a decrease of \$88,441 as compared to non-current liabilities of \$804,968 as at December 31, 2018 which consist of long-term trade and other payables of \$716,527 and mining duties payable of \$88,441. The Company's non-current liabilities as at December 31, 2018 consist of long-term trade and other payables of \$716,527 and mining duties payable of \$88,441, a decrease of \$1,191,724 as compared to non-current liabilities of \$1,996,692 as at December 31, 2017 which consist of long-term trade and other payables of \$623,202 and mining duties payable of \$1,373,490.

As at December 31, 2019, equity attributable to shareholders of the Company is \$16,875,857, a decrease of \$8,705,152 as compared to \$25,581,009 for the year ended December 31, 2018, and is comprised of share capital of \$177,584,512, contributed surplus of \$22,432,436, less the deficit of \$178,741,608 and the accumulated other comprehensive loss of \$4,399,383. The non-controlling interest of \$238,351 relates to LabMag Limited Partnership whose main property is the LabMag Property and remains unchanged as compared to \$238,351 for the year ended December 31, 2018, for a total equity of \$17,114,208.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As at December 31, 2018, equity attributable to shareholders of the Company is \$25,581,009, a decrease of \$2,749,812 as compared to \$28,330,821 for the year ended December 31, 2017, and is comprised of share capital of \$177,584,512, contributed surplus of \$22,432,436, less the deficit of \$173,382,039 and the accumulated other comprehensive loss of \$1,053,800. The non-controlling interest of \$238,351 relates to LabMag Limited Partnership whose main property is the LabMag Property and remains unchanged as compared to \$238,351 for the year ended December 31, 2017, for a total equity of \$25,819,360.

Results of operations for the year ended December 31, 2019

Net income (loss) and comprehensive loss

During the year ended December 31, 2019, the Company realized a net loss and comprehensive loss of \$8,705,152 as compared to a net income and comprehensive loss of \$1,037,217 for the year ended December 31, 2018.

The significant increase of \$7,667,935 for the year ended December 31, 2019 as compared to 2018 in net loss (income) and comprehensive loss is mainly due to the decrease of \$7,271,000 in the change in fair value of the long term investment loss (markdown of \$6,122,000 in 2019 compared to a markup of \$1,149,000 in 2018).

During the year ended December 31, 2018, the Company realized a net income and comprehensive loss of \$1,037,217 as compared to a net loss and comprehensive loss of \$38,997,450 for the year ended December 31, 2017.

The decrease of \$37,960,233 for the year ended December 31, 2018 as compared to 2017 in net income and comprehensive loss is attributable to the impairment of other assets of \$38,502,545 recognized in 2017 comprised of the buy in payment for the new multi-user dock and related costs in view of the low probability of NML shipping prior to having fully applied the previously advanced funds to its take-or-pay obligation.

Operating expenses

During the year ended December 31, 2019, operating expenses were \$7,281,781 as compared to \$179,274 for the year ended December 31, 2018.

The significant increase of \$7,102,507 for the year ended December 31, 2019 as compared to 2018 in operating expenses is mostly attributable to the decrease of \$7,271,000 in the change in fair value of the long-term investment (markdown of \$6,122,000 in 2019 compared to a markup of \$1,149,000 in 2018). In addition, the increase comprised in 2019, a recovery of a write-down of tax credits and mining duties receivable of \$19,295 (write-down of \$4,445,369 in 2018), a write-down of due from Tata Steel of \$Nil (\$3,843,972 in 2018) combined with a reversal of impairment of other assets of \$Nil (\$4,384,245 in 2018), a derecognition of mining duties payable of \$Nil (\$1,285,049 in 2018), and mineral exploration and evaluation expenses of \$59,775 (recovery of \$2,316,952 in 2018).

During the year ended December 31, 2018, operating expenses were \$179,274 as compared to \$39,941,642 for the year ended December 31, 2017.

The significant decrease of \$39,762,368 for the year ended December 31, 2018 as compared to 2017 in operating expenses is mostly attributable to the impairment of other assets of \$38,502,545 recognized in 2017 relating to the advances that had been made to the Port. In addition, the decrease comprised in 2018, a write-down of tax credits and mining duties receivable of \$4,445,369, a write-down of due from Tata Steel of \$3,843,972 combined with a reversal of impairment of other assets of \$4,384,245, a derecognition of mining duties payable of \$1,285,049, an increase of fair value of \$1,149,000 for the long-term investment and a recovery of mineral exploration and evaluation expenses of \$2,316,952.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other items

During the year ended December 31, 2019, the other items (revenues) were \$1,922,212 as compared to other items (revenues) of \$479,157 for the year ended December 31, 2018. The increase of \$1,443,055 is mainly due to the change in fair value of marketable securities of \$1,143,818 (markup in fair value of \$778,988 for 2019 as compared to a markdown in fair value of \$364,830 in 2018).

During the year ended December 31, 2018, the other items (revenues) were \$479,157 as compared to other items (revenues) of \$944,192 for the year ended December 31, 2017. The decrease of \$465,035 is mainly due to the change in fair value of marketable securities of \$641,672 (markdown in fair value of \$364,830 for 2018 as compared to a markup in fair value of \$276,842 in 2017).

Other comprehensive loss (OCI)

During the year ended December 31, 2019, the other comprehensive loss were \$3,345,583 as compared to \$1,337,100 for the year ended December 31, 2018. The increase of \$2,008,483 is due to a markdown in change in fair value of marketable securities (fixed rate investment) of \$2,008,483 in 2019 compared to a markdown of \$1,337,100 in change in fair value of marketable securities (fixed rate investment) recorded in other comprehensive loss in 2018.

The OCI in 2018 is due to adoption of IFRS 9 that requires the OCI section presented in the statements of income (loss) and comprehensive loss. During the year ended December 31, 2018, the other comprehensive loss were \$1,337,100 as compared to \$Nil for the year ended December 31, 2017. The increase of \$1,337,100 is due to a markdown in change in fair value of marketable securities (fixed rate investment) of \$1,337,000 in 2018 as compared to \$Nil change in fair value of marketable securities (fixed rate investment) recorded in other comprehensive loss in 2017.

Selected quarterly financial information

New Millennium anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements for each of the two most recently completed financial years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEW MILLENNIUM IRON CORP. SELECTED QUARTERLY FINANCIAL INFORMATION

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED STATEMENTS OF								
INCOME (LOSS) AND COMPREHENSIVE (LOSS) INCOME								
Expenses								
General and administrative expenses	298,801	201,559	296,676	356,158	300,864	210,623	317,635	196,057
Mineral exploration and evaluation	31,890	-	7,665	20,220	(2,249,612)	(58,232)	1,428	(10,536)
Reversal of impairment of other assets	-	-	-	-	(4,299,049)	(85,196)	-	-
Change in fair value of long-term investment	767,000	5,918,000	(40,000)	(523,000)	(1,783,000)	148,000	461,000	25,000
(Recovery) w/Write-down of tax credits and mining duties receivable	(19,295)	-	-	-	4,445,369	-	-	-
Write-off of R&D tax credits payable	(33,893)	-	-	-	-	-	-	-
Write-down of due from Tata Steel	-	-	-	-	3,843,972	-	-	-
Derecognition of mining duties payable	-	-	-	-	(1,285,049)	-	-	-
	1,044,503	6,119,559	264,341	(146,622)	(1,026,505)	215,195	780,063	210,521
Other items								
Investment income	294,206	261,909	269,389	230,934	241,260	211,323	202,981	188,423
Finance expense	(1,172)	(1,201)	(1,264)	(1,317)	-	-	-	-
Change in fair value of marketable securities	284,004	32,552	157,221	305,211	(116,485)	(315,437)	153,952	(86,860)
Revenue from use of wharf	62,211	29,529	-	-	-	-	-	-
	639,249	322,789	425,346	534,828	124,775	(104,114)	356,933	101,563
Net income (loss)	(405,254)	(5,796,770)	161,005	681,450	1,151,280	(319,309)	(423,130)	(108,958)
Other comprehensive (loss) income								
Change in fair value of fixed rate investments	(459,062)	(359,771)	(2,897,170)	370,420	(1,735,900)	(575,500)	306,600	667,700
	(459,062)	(359,771)	(2,897,170)	370,420	(1,735,900)	(575,500)	306,600	667,700
Total comprehensive (loss) income	(864,316)	(6,156,541)	(2,736,165)	1,051,870	(584,620)	(894,809)	(116,530)	558,742
Net income (loss) attributable to:								
Shareholders of New millennium Iron Corp.	(405,254)	(5,796,770)	161,005	681,450	1,151,280	(319,309)	(423,130)	(108,958)
Non-controlling interests	-	-	-	-	-	-	-	-
Other comprehensive (loss) income attributable to:								
Shareholders of New millennium Iron Corp.	(459,062)	(359,771)	(2,897,170)	370,420	(1,735,900)	(575,500)	306,600	667,700
Non-controlling interests	-	-	-	-	-	-	-	-
Total comprehensive (loss) income attributable to:								
Shareholders of New millennium Iron Corp.	(864,316)	(6,156,541)	(2,736,165)	1,051,870	(584,620)	(894,809)	(116,530)	558,742
Non-controlling interests	-	-	-	-	-	-	-	-
Basic and diluted earnings (loss) per share:	(0.00)	(0.03)	0.00	0.00	0.01	(0.00)	(0.00)	(0.00)

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION								
Cash	7,319,439	6,807,652	6,890,926	7,373,601	6,997,065	2,919,852	3,823,753	3,090,975
Marketable securities	6,873,931	7,086,155	7,374,330	9,711,548	9,411,009	10,833,079	10,673,844	11,009,377
Total current assets	14,325,075	13,974,868	14,330,991	17,109,975	16,466,673	13,793,130	14,552,009	14,234,756
Due from Tata Steel (non-current assets)	-	-	-	-	-	1,821,369	1,763,137	1,763,137
Tax credits and mining duties receivable	-	428,384	428,384	428,384	428,384	4,840,454	4,840,454	4,843,790
Long-term investment	3,463,000	4,230,000	10,148,000	10,108,000	9,585,000	8,416,000	8,564,000	9,025,000
Total non-current assets	3,806,371	5,001,755	10,919,755	10,879,755	10,356,755	15,421,194	15,510,962	15,975,298
Total current liabilities	300,707	193,131	310,713	313,532	199,100	106,327	60,163	90,718
Total non-current liabilities	716,527	804,968	804,968	804,968	804,968	2,090,016	2,090,017	2,090,017
Non-controlling interest	238,351	238,351	238,351	238,351	238,351	238,351	238,351	238,351
Equity	17,114,208	17,978,524	24,135,065	26,871,230	25,819,360	27,017,981	27,912,791	28,029,319

The total comprehensive loss of \$864,316 for Q4-2019 is mostly attributable to a decrease in fair value of long-term investment of \$767,000.

The total comprehensive loss of \$6,156,541 for Q3-2019 is mostly attributable to a decrease in fair value of long-term investment of \$5,918,000.

The total comprehensive loss of \$2,736,165 for Q2-2019 is mostly attributable to a decrease in fair value of fixed rate investments of \$2,897,170.

The total comprehensive income of \$1,051,870 for Q1-2019 is mostly attributable to an increase in fair value of marketable securities of \$305,211 combined with an increase in fair value of long-term investment of \$523,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total comprehensive loss of \$584,620 for Q4-2018 is mostly attributable to a write-down of tax credits and mining duties receivable of \$4,445,369 and a write-down of due from Tata Steel of \$3,843,972 combined with an increase in fair value of long-term investment of \$1,783,000, a reversal of impairment of other assets of \$4,299,049, a derecognition of mining duties payable of \$1,285,049 and a recovery of mineral exploration and evaluation expenses of \$2,249,612.

Results of operations for the three-month period ended December 31, 2019

Total comprehensive loss

The basic and diluted income (loss) per share for the three-month period ended December 31, 2019 is (\$0.00) as compared to \$0.01 for the three-month period ended December 31, 2018.

During the three-month period ended December 31, 2019, the Company realized a total comprehensive loss of \$864,316 as compared to a total comprehensive loss of \$584,620 for the three-month period ended December 31, 2018.

The increase of \$279,696 for the three-month period ended December 31, 2019 in total comprehensive loss as compared to 2018 is mostly attributable to an increase in operating expenses of \$2,071,008 (expenses of \$1,044,503 for Q4-2019 as compared to expenses recovery of \$1,026,505 for Q4-2018).

Operating expenses

During the three-month period ended December 31, 2019, operating expenses were \$1,044,503 as compared to operating expenses recovery of \$1,026,505 for the three-month period ended December 31, 2018.

The significant increase of \$2,071,008 for the three-month period ended December 31, 2019 as compared to 2018 in operating expenses is mostly attributable to the an increase of \$2,550,000 in the change in fair value of the long-term investment (markdown of \$767,000 in Q4-2019 compared to a markup of \$1,783,000 in Q4-2018). In addition, the increase in Q4-2019 comprised, a recovery of a write-down of tax credits and mining duties receivable of \$19,295 in Q4-2019 (write-down of \$4,445,369 in Q4-2018), a write-down of due from Tata Steel of \$Nil in Q4-2019 (\$3,843,972 in Q4-2018) combined with a reversal of impairment of other assets of \$Nil in Q4-2019 (\$4,299,049 in Q4-2018), a derecognition of mining duties payable of \$Nil in Q4-2019 (\$1,285,049 in Q4-2018), and mineral exploration and evaluation expenses of \$31,890 in Q4-2019 (recovery of \$2,249,612 in Q4-2018).

Other items

During the three-month period ended December 31, 2019, the other items (revenues) were \$639,249 as compared to other items (revenues) of \$124,775 for the three-month period ended December 31, 2018. The increase of \$514,474 is mainly due to an increase in fair value of marketable securities of \$400,489 (markup of \$284,004 for Q4-2019 as compared to a markdown of \$116,485 for Q4-2018).

Other comprehensive loss

During the three-month period ended December 31, 2019, the other comprehensive loss were \$459,062 as compared to other comprehensive loss \$1,735,900 for the three-month period ended December 31, 2018. The increase of \$1,276,838 in other comprehensive loss is due to the a markdown in fair value of marketable securities (fixed rate investments) of \$459,062 in Q4-2019 as compared to a markdown of \$1,375,900 in fair value of marketable securities (fixed rate investments) in Q4-2018.

Cash Flows

Cash flows used for operating activities

Cash flows used for operating activities were \$1,152,226 during the year ended December 31, 2019, an increase of \$4,504,574 as compared to cash flows of \$3,352,348 from operating activities during the year ended December 31, 2018. The increase of \$4,504,574 is mostly explained by an increase of \$4,482,214 of cash flows used for operating activities before changes in working capital (negative cash flows of \$1,126,183

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the year ended December 31, 2019 as compared to positive cash flows of \$3,352,348 for the year ended December 31, 2018).

Cash flows from financing activities

Cash flows from financing activities were \$Nil during the year ended December 31, 2019, a decrease of \$93,325 as compared to cash flows from financing activities of \$93,325 during the year ended December 31, 2018. The decrease of \$93,325 is attributable to a decrease of \$93,325 in financing from long-term trade and other payables.

Cash flows from investing activities

Cash flows from investing activities were \$1,474,600 during the year period ended December 31, 2019, a decrease of \$1,089,872 as compared to cash flows of \$2,564,472 from investing activities during the year ended December 31, 2018.

The decrease of \$1,089,871 is mainly due to a favorable variance of \$3,300 between proceeds on disposal of marketable securities and purchases of marketable securities during the year ended December 31, 2019 (\$512,050 from disposal versus \$508,750 of purchases) compared to a favorable variance of \$1,456,274 between proceeds on disposal of marketable securities and purchases of marketable securities during the year ended December 31, 2018 (\$5,519,574 from disposal versus \$4,063,301 of purchases).

Related party transactions

Please refer to Note 18 of the 2019 audited annual consolidated financial statements for a summary of the Company's transactions with related parties period end balances.

Commitments and contingencies

Please refer to Note 22 of the 2019 audited annual consolidated financial statements for a summary of the Company's commitments and contingencies.

Subsequent events

Please refer to Note 23 of the 2019 audited annual consolidated financial statements for a summary of the Company's subsequent events.

Off-financial position arrangements

As at December 31, 2019, the Company had no off-financial position arrangements.

Capital management policies and procedures

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 13 and in the consolidated statement of changes in equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risk characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirements.

Liquidity and capital resources

Working capital as at December 31, 2019 of \$14,024,364 represents a decrease of \$2,243,209 as compared to the working capital of \$16,267,573 as at December 31, 2018. This decrease in working capital is mainly attributable to a decrease of \$2,537,078 in the value of marketable securities held in the consolidated statements of financial position (\$6,873,931 as at December 31, 2019 compared to \$9,411,009 as at

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MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018) combined with an increase of \$322,374 in cash (\$7,319,439 as at December 31, 2019 compared to \$6,997,065 as at December 31, 2018).

The Company's working capital has been invested in cash, debentures of a public corporation and equity investments in public corporations. These investments have been classified as current assets. The Company intends to use a portion of its cash and investment income to fulfill assessment work required to maintain claims and pay corporate operating expenses.

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Capital expenditures

There were \$Nil of acquisitions of property and equipment during the years ended December 31, 2019 and 2018.

Capital resources

As at December 31, 2019, NML has paid up capital of \$177,584,512 (\$177,584,512 as at December 31, 2018) representing 181,054,146 (181,054,146 as at December 31, 2018) common shares, contributed surplus of \$22,432,336 (\$22,432,336 as at December 31, 2018) a deficit of \$178,741,608 (\$173,382,039 for the year ended December 31, 2018) and an accumulated other comprehensive loss of \$4,399,383 (\$1,053,800 as at December 31, 2018) resulting in total equity attributable to shareholders of the Company of \$16,875,587 (\$25,581,009 as at December 31, 2018). In addition, there is a non-controlling interest of \$238,351 (\$238,351 as at December 31, 2018) resulting in total equity of \$17,114,208 (25,819,630 as at December 31, 2018).

Controls and Procedures Over Financial Reporting

In compliance with the Canadian Securities Administrators' National Instrument 52-109, the Company has filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

Disclosure Control and Procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of the disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective as at December 31, 2019.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal control over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for financial reporting purposes in accordance with IFRS.

Management, including the CEO and CFO, does not expect that our internal controls and procedures over financial reporting will prevent all error and all fraud. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and

MANAGEMENT'S DISCUSSION AND ANALYSIS

instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts, by collusion of two or more people, or by management override of the control. The design of any system of controls is partially based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of our internal control over financial reporting. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting are effective as at December 31, 2019, using the criteria set forth in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Changes to Internal Control over Financial Reporting

No changes were made to our internal control over financial reporting during the quarter ended December 31, 2019, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following selected financial information is derived from our unaudited financial statements.

NEW MILLENNIUM IRON CORP.

Disclosure of outstanding share data (as at March 25, 2020)

Outstanding common shares:	181,054,146
Outstanding share options:	Nil
Outstanding warrants:	Nil

MARKET REVIEW

STEEL

Iron ore prices depend to a large extent on steel production. According to the World Steel Association's ("WSA") statistics released January 27, 2020, Global crude steel production reached 1,869.9 million tonnes (Mt) for the year 2019, up by 3.4% compared to 2018.

World crude steel production for the year 2018, in its 64 reporting countries was 1,808.6 million metric tons ("Mt") which represented an increase of 4.6% over 2017.

Crude steel production contracted in all regions in 2019 except in Asia and the Middle East. Asia produced 1,341.6 Mt of crude steel in 2019, an increase of 5.7% compared to 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

China's crude steel production in 2019 reached 996.3 Mt, up by 8.3% on 2018. China's share of global crude steel production increased from 50.9% in 2018 to 53.3% in 2019.

India's crude steel production for 2019 was 111.2 Mt, up by 1.8% on 2018.

Crude steel production in North America was 120.0 Mt in 2019, 0.8% lower than in 2018.

The US produced 87.9 Mt of crude steel, up by 1.5% on 2018.

The Middle East produced 45.3 Mt of crude steel in 2019, an increase of 19.2% on 2018, creating increased demand for high quality pellets to produce direct reduced iron..

After a period of good profitability for the steel industry through much of 2018 despite overhanging global trade issues, price and margin weakness began in November and carried over into 2019.

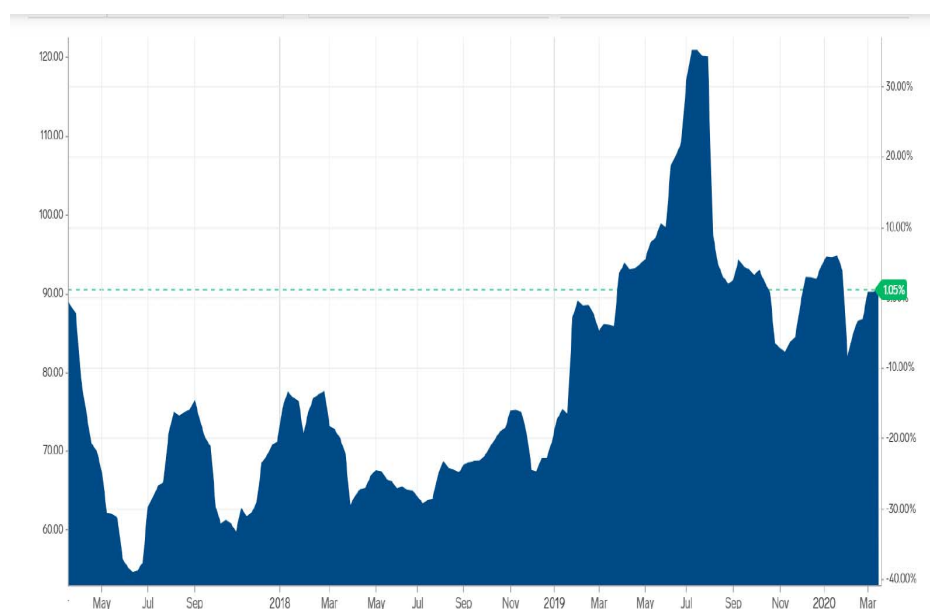
IRON ORE

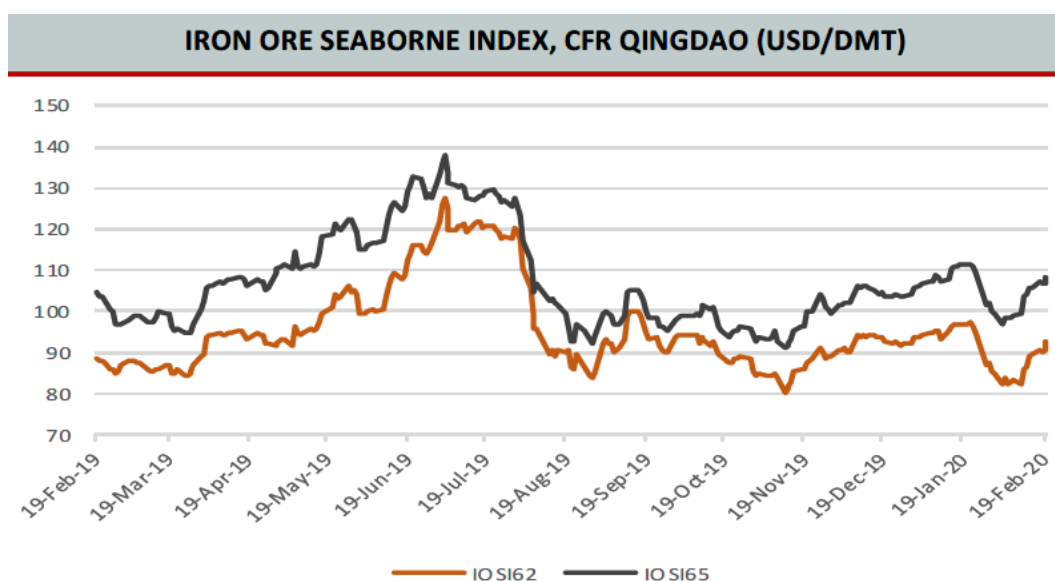
Unexpected steel production growth in 2019, mainly in China and less so in India, along with iron ore supply constraints due to weather conditions in Australia and Brazil, and tailings dam constraints in Brazil, created unexpected iron ore price increases.

Again, characterized by volatility in 2019, the average price was US\$94 per tonne as measured by the 62% Fe Fines CFR North China compared to 2018, when the iron ore price averaged US\$69 per tonne for the year, versus US\$71 per tonne in 2017. The price premiums for pellets, both for blast furnace and for the direct reduction iron making grades, remained strong due to continuing supply-side constraints from Brazil.

A major event impacting the seaborne iron ore market was the widely reported, tragic Brumadinho tailings dam failure at a Vale mine in the Brazilian state of Minas Gerais on January 25, 2019, resulting in a reduction in Vale's 2019 exports by approximately 40 Mt. Analysts' pricing forecasts have been adjusted upwards as a result, including for pellets, where the market remains affected by the November 2016 dam failure at the Samarco operation in Brazil. The Vale situation continues to be problematic with several ongoing tailings dam stability investigations. Vale is switching rapidly to dry processing to reduce the need for dams, but this will take time.

Iron Ore Spot Price 62% Fe CFR China 3 years Source Market Insider 20200319





Global iron ore production will grow modestly over the years due to mine expansions in Brazil and increasing output from India, *Fitch Solutions'* latest industry trend analysis found. Source [MINING.com Editor](#) | February 13, 2020 | 2:18 pm [Intelligence](#) [Top Companies](#) [Australia](#) [China](#) [Latin America](#) [Iron Ore](#)

Meanwhile, analysts say iron ore output growth in China will decline on the back of falling ore grades and high costs of production.

Global iron ore production will grow from 2,896mnt in 2019 to 3,147mnt by 2029, *Fitch forecasts*.

This represents an average annual growth rate of 0.8% during 2020-2029, which is a significant slowdown from an average growth rate of 3.0% during 2010-2019.

Fitch forecasts iron ore production in Australia to grow minimally over 2020-2029, averaging an annual 0.7% growth, compared with 8.7% growth over the previous 10-year period.

Supply growth will be primarily driven by India and Brazil, where Vale is planning to expand output to 390-400 mt by 2022.

In June 2018, BHP approved the A\$2.9 billion development of its South Flank iron ore project in Western Australia to replace existing mines.

The world's number one miner, BHP expects production to start in 2021 at the project.

In the same month, Rio Tinto announced plans to start developing its Koodaideri iron ore mine in Western Australia's Pilbara region in 2019, claiming it is one of the most technologically advanced in the world. It will maintain iron ore grades and replace other depleting mines.

The company will mine its first tonnes from the project in 2021.

In May 2018, Fortescue Metals Group approved the development of a A\$1.3 billion iron ore project, Eliwana, which will come online in 2020. It will increase Fortescue's iron ore grade.

NML believes the outlook for high quality iron ore will continue to be strong as steel producers continue their efforts to reduce CO2 emissions and increase productivity, even if global steel growth slows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In January, the economy of China was severely impacted by the Coronavirus.

Iron prices dipped but are now recovering to the US\$90 per tonne area, as seen in the Chart above. Chinese steel mills were severely impacted but production is recovering. Chinese iron ore stockpiles are at a low.

The longer-term impact of the virus on world steel consumption is very hard to predict at this time.

COMPETITIVE CONDITIONS

The iron ore mineral exploration and mining business is a competitive business. The ability of the Company to acquire iron ore and other mineral properties in the future will depend not only on its ability to operate and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploration and development.

There are many brownfield and new iron ore projects being proposed. Several projects are progressing mainly in Australia by Rio Tinto, BHP, and Fortescue are being developed to sustain existing volumes or improve declining Fe (iron) grades. The very large high-grade Guinean iron ore resources, mainly Simandou, are being discussed with ownership changes to Guinean and Chinese companies. The construction of the new 650 km rail line from Simandou to the Guinean coast and a new deep-water port are being discussed but no specific financing plans to go forward. If the challenges of financing and ownership are resolved, then these mines eventually could have an important impact on iron ore supplies. Vale in Brazil continues to struggle with its tailings dam issues. The SAMARCO pellet plants continue to be shut down pending a restart of mining with no definite date as of now. Weather conditions in the early part of 2020 have caused a few production problems in Australia and in Brazil resulting in tight supplies. The effects of the coronavirus are currently unknown for steel production and the consequent effect on iron ore demand. Various governments have made financial assistance available, and the impact of these changes are yet to be determined. Although the price for iron ore remains in the \$90 per ton range, some analysts are predicting lower prices later in 2020 and 2021. The trend to using higher quality iron ore continues, especially in the new larger blast furnaces. Lower grades are used in situations where steel producers cut back on production to take advantage of the lower iron ore price. Pellets continue to command a premium price.

BUSINESS RISKS

In the normal course of operations, the Company is exposed to various financial risks. Please refer to Note 21 of the audited consolidated financial statements for the year ended December 31, 2019 for an extended description of the Company's financial risk management, objectives and policies.

The Company is engaged in the exploration, evaluation and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company has determined a project construction and operation plan based on best available knowledge and with certain assumptions that will enable it to initiate work and enter into contracts. Events outside the

MANAGEMENT'S DISCUSSION AND ANALYSIS

control of the Company, such as funding or permit approvals as examples, may adversely affect these plans and result in delays for construction and for start of operations.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power will need to be generated on site. Due to its location, weather events may cause disruptions or other difficulties in operations.

Certain of the Company's properties are located in the Province of Newfoundland and Labrador and therefore subject to its mining legislation, which may require that primary processing be done within the province in order to obtain mining rights. Furthermore, provincial and federal legislators may enact laws or budgets that have a negative impact on this project or on the mining industry as a whole.

The Company seeks to include First Nations participation in its projects and expects to enter into agreements with these First Nations. Although such agreements are not mandatory, failure to agree may result in disruption to the project execution or operations.

Volatile market conditions for resource commodities, including iron ore, have resulted in a dramatic decrease in market capitalization and the inability of companies to acquire funding for their exploration and development properties. An extended period of poor macro-economic conditions could lead to an inability of the Company to finance future operations.

Inflation has not been a significant factor affecting the cost of goods and services in Canada in recent years; however renewed exploration and development activity may result in a shortage of experienced technical staff, and heavy demand for goods and services needed by the mining community.

The mineral industry is intensely competitive in all its phases. NML competes with many other mineral exploration companies with greater financial resources and technical capacity.

The Company invests in debentures and equity instruments of public companies and consequently the Company's investments are exposed to all the business and market risks of the investees as well as the volatility of interest rates and the liquidity of the specific debentures on the market or at maturity. There is no certainty that the Company will be able to realize the full value of its investments should funds be required or at maturity.

The price of iron ore and other commodities reflects the aforementioned market volatility. The purchase of securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major part of an investor's portfolio.

In recent years securities markets have experienced extreme price and volume volatility. The market price of securities of many early stage companies have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the Toronto Stock Exchange may be affected by such volatility.

In order to develop the DSO Project to commercial production or to finance operations, additional third-party financing may be required and there is no assurance that such financing will be available on reasonable commercial terms, or at all. The Company may receive additional cash calls from TSMC to invest additional amounts of equity or debt in TSMC to fund capital and/or operating costs of TSMC. If the cash calls cannot be met, the 4.32% interest of the Company in TSMC may be diluted further.

The success of the Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to

MANAGEMENT'S DISCUSSION AND ANALYSIS

the operations of the Company could result, and other persons would be required to manage and operate the Company.

In the normal course of the Company's business, NML may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to the personal injuries, property damage, property tax, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Subsequent to the year end, the COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Company continues to monitor the investment portfolio and assess the impact COVID-19 will have on its business activities including the uncertainty of revenues from its investments and other assets. The extent of the effect of the COVID-19 pandemic on the Company is uncertain.

Additional risk factors are contained in the Company's Annual Information Form for the Financial Year ended December 31, 2019, which is dated March 25, 2020 and filed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

For further information, please visit www.NMLiron.com, www.tatasteel.com, www.tatasteelcanada.com and the Company's profile on SEDAR.

Mr. H. Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this MD&A.



NEW MILLENNIUM IRON CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

(Second Quarter)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") of New Millennium Iron Corp., ("New Millennium" or "NML" or the "Company") follows rule 51-102 of the Canadian Securities Administrators regarding continuous disclosure.

The following MD&A is a narrative explanation, through the eyes of the management of New Millennium, on how the Company performed during the three-month and six-month periods ended June 30, 2020. It includes a review of the Company's financial condition and a review of operations for the three-month and six-month periods ended June 30, 2020 as compared to the three-month and six-month periods ended June 30, 2019.

This MD&A complements the unaudited condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020, but does not form part of them. It is intended to help the reader understand and assess the significant trends, risks and uncertainties related to the results of operations and it should be read in conjunction with the unaudited condensed interim consolidated financial statements as at June 30, 2020 and related notes thereto as well as the audited consolidated financial statements, accompanying notes and Management's Discussion and Analysis for the year ended December 31, 2019.

The unaudited condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB"), applicable to the preparation of condensed interim consolidated financial statements. The accounting policies applied in the financial statements are based on IFRS issued and effective as at June 30, 2020. On August 5, 2020, the Board of Directors approved the condensed interim consolidated financial statements and this MD&A.

All figures are in Canadian dollars unless otherwise stated. Additional information relating to the Company can be found on SEDAR at www.sedar.com. The shares of New Millennium are listed on the Toronto Stock Exchange ("TSX") under the symbol "NML".

REPORT'S DATE

The MD&A was prepared with the information available as at August 5, 2020.

READER ADVISORY

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this MD&A may contain forward-looking statements relating to future opportunities, business strategies, mineral exploration, development and production plans and competitive advantages.

The forward-looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, the actual results of exploration and development projects being equivalent to or better than estimated results in technical reports or prior activities, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed

MANAGEMENT'S DISCUSSION AND ANALYSIS

on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward-looking statements, including among other things: inability of the Company to continue meeting the listing requirements of stock exchanges and other regulatory requirements, general economic and market factors, including business competition, changes in government regulations or in tax laws; general political and social uncertainties; commodity prices; the actual results of exploration, development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of, or estimates contained in, feasibility studies, pre-feasibility studies or other economic evaluations; and lack of qualified, skilled labour or loss of key individuals; as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, along with the Company's annual information form, all of which are filed and available for review on SEDAR at www.sedar.com. Readers are cautioned that the foregoing list is not exhaustive.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

With respect to the disclosure of historical resources in this MD&A that are not currently in compliance with National Instrument 43-101 ("NI 43-101"), a Qualified Person (as such term is defined under NI 43-101) (a "Qualified Person") has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, the Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon.

OVERVIEW OF BUSINESS

NML is a Canadian iron ore exploration, evaluation and development company with an extensive property position called the Millennium Iron Range ("MIR") in Canada's principal iron ore district, the Labrador Trough, straddling the Province of Newfoundland and Labrador and the Province of Quebec, in the Menihek Region around Schefferville, Quebec. The Company's project areas are connected via a well-established, heavy-haul rail network to the Port of Sept-Îles, Quebec, where the Company has an interest in reserved shiploading capacity at a newly constructed wharf capable of servicing large, Panamax-class bulk carriers.

Tata Steel Limited ("Tata Steel"), a global steel producer and industry leader, owns approximately 26.2% of the Company and is the Company's largest shareholder.

NML has a 4.32% interest in Tata Steel Minerals Canada Ltd. ("TSMC"), which is owner and operator of a direct shipping ore ("DSO") project near Schefferville. The DSO project produces and ships sinter fines. Subsidiaries of Tata Steel and the Quebec Government's financing arm, Investissement Québec, own 77.68% and 18% respectively of TSMC.

Beyond TSMC, the Company offers further development potential through a group of seven, NI 43-101 compliant, long-life taconite properties capable of producing high quality pellets and pellet feed to service the requirements of steel makers with either blast furnace or direct reduced iron-making operations. Two of these deposits – LabMag and KéMag – were the subject of large-scale development feasibility studies carried out by the Company and Tata Steel, published in March 2014, and filed on SEDAR.

With these feasibility study results as a foundation, the Company reviewed its taconite development strategy through the design of a smaller market entry project called the NuTac Project, for which a NI 43-101 prefeasibility study was carried out, published in June 2016, and filed on SEDAR.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In the currently challenging market environment for new greenfield iron ore projects, NML has implemented cash conservation measures, while protecting its mineral claims and iron ore development positioning. At the end of 2018, the Company announced the study with assistance from independent advisors of new business opportunities aimed at diversifying its iron ore and infrastructure interests.

MINERAL EXPLORATION AND EVALUATION ASSETS

The Company holds interests in 1,221 claims distributed among taconite iron ore properties in Newfoundland and Labrador ("NL") and Québec.

Table 1 below represents the 1,172 claims with potential economic benefit, while Table 2 below shows NML's prominent NI 43-101 compliant resource holdings not only for LabMag and KéMag, but also the other important MIR deposits presented, for which exploration drilling and analysis has been effectively completed. The expenditures incurred to date on each of the Company's Taconite properties are presented in Table 3 below.

Table 1
NML – Summary of Mineral Claims

Province	Ownership	LabMag Property	KéMag Property	Howells Lake-Howells River North Properties	Perault Lake Property	Lac Ritchie Property	Sheps Lake Property	Other Properties	Total
NL	NML	-	-	122 [30.5 km ²]	217 [54.25 km ²]	-	-	18 [4.5 km ²]	357 [89.25 km ²]
	LLP	256 [64 km ²]	-	145 [36.25 km ²]	-	-	120 [30 km ²]	-	521 [130.25 km ²]
Québec	NML	-	169 [83.3 km ²]	-	-	97 [47.0 km ²]	-	28 [13.8 km ²]	294 [144.1 km ²]
Total		256 [64 km ²]	169 [83.3 km ²]	267 [66.75 km ²]	217 [54.25 km ²]	97 [47.0 km ²]	120 [30 km ²]	46 [18.3 km ²]	1,172 [363.6 km ²]

Note: Claims registered under New Millennium Iron Corp. are owned 100% by the Company. Claims registered under LabMag Limited Partnership ("LLP") are owned 80% by the Company through its interest in LLP.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stages of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and restrictions arising from regulatory requirements.

Table 2
NML – Millennium Iron Range Taconite Properties

Property	Reserves and Resources Category, Million Tonnes		
	Proven & Probable	Measured & Indicated	Inferred
KéMag	2,384		1,007
LabMag	3,933	388	1,063
Howells Lake-Howells River North		7,631	3,310
Sheps Lake		1,967	289
Perault Lake		1,612	507
Lac Ritchie		3,330	1,437
Total	6,317	14,928	7,613

Note (1): NML owns 100% of the properties mentioned above except for LabMag, Howells River North and Sheps Lake, which are 80% owned through the Company's interest in LabMag Limited Partnership.

Note (2): The cut-off used to report these resources is minimum 18% Davis Tube Weight Recovery.

Table 3
NML – Cumulative Costs Incurred on Taconite Properties

Property	Cumulative Expenditures
KéMag	\$15,954,125
LabMag	28,489,052
Howells Lake-Howells River North	5,123,611
Sheps Lake	1,372,751
Perault Lake	5,101,118
Lac Ritchie	2,493,931
Total	\$58,534,588

Note: These expenditures are net of tax credits, mining duties and Tata Steel's option payments on the Taconite Projects.

NML TACONITE STUDIES

The taconite deposits controlled by NML have similar characteristics in terms of geology, mineralogy and metallurgical properties. Each is a long-life property with inherently low alumina and phosphorus that can yield high quality saleable products with the same processing technologies. Similar taconite ores in the United States have been a principal source of iron ore pellets for steelmakers since the 1950s.

Two of NML's deposits have been comprehensively assessed for their technical and commercial development potential through several studies discussed below. These are the KéMag deposit at Lac Harris, Québec, about 50 km to the northwest of Schefferville, QC, and the LabMag deposit at Howells River, NL, in the Menihek region of western Labrador, bordering Québec and also near Schefferville. Management believes these project studies provide sufficiently detailed technical and economic criteria and analysis for discussions with third parties interested in the next stage of development.

Other taconite deposits controlled by the Company and explored to NI 43-101 compliance are also presented in this section.

NuTac Project

The NuTac pre-feasibility study ("PFS"), a 2016 NI 43-101 technical report, is a re-scoping of previous mining processing work (see The Taconite Project section below). The PFS is designed for a project to produce 8.7 million tonnes of concentrate, and manufacture pellets through a plant located at Pointe-Noire, Quebec, with 9 million tonnes of annual capacity. The PFS concept is a pellet project sized and costed for market entry when conditions permit.

Pre-Feasibility Study Results

In June 2016, NML announced the results of its NuTac Project begun in September 2015 to examine a further range of options for development of the MIR taconite properties, together with the use of existing and planned infrastructure for rail haulage, stockpiling and shiploading. The NuTac Project was in response to the changed macroeconomic environment for iron ore and resulted in an alternative to the Taconite Project as a development concept.

Under NuTac, a PFS reviewed all development aspects of each of NML's taconite deposits, including resources, location, ownership, jurisdictional considerations, market potential and historical work, and the KéMag deposit, in which NML holds a 100% interest, was selected for base-case analysis, although other deposits also showed attractive development potential.

The NuTac project thus produced a re-scoped project development plan for KéMag in the form of a lower capital cost project servicing mainly the growing pellet segment of the iron ore market.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Whereas the Taconite Project evaluated the mining of the LabMag and/or KéMag deposits followed by the production of ~23 million tonnes per year ("Mtpy") of concentrate at the mine site and its transportation in slurry form via a buried pipeline to a pellet plant at Sept-Îles, resulting in an overall saleable product mix of ~17 Mtpy of pellets and ~6 Mtpy of concentrate, NuTac targets the production of ~9 Mtpy of pellets. The sale of fine-sized iron ores, such as concentrate or pellet feed, was not central to the NuTac business plan, but there would be flexibility to adapt if warranted by market demand.

A NI 43-101 Technical Report ("Report") on NuTac confirmed by Qualified Persons in their respective fields and stating the highlights of the PFS results for the NuTac Project was filed on SEDAR on July 21, 2016. The effective date of the Report was June 9, 2016, and there were no material differences between the PFS results announced earlier and those contained in the Report.

In Management's view, the NuTac PFS shows a solid project outcome targeting the high-quality segment of the iron ore market, based on the established resource identification and processing technology available from earlier studies, along with balanced assumptions. While no decisions on further work have been made, the PFS defines the next engineering, permitting and financing steps required to advance the development of KéMag, thereby adding to the NML Board's range of options when considering opportunities to monetize NML's significant taconite assets.

The Taconite Project

On March 6, 2011, the Company signed a Heads-of-Agreement ("HOA") with Tata Steel Global Minerals Holdings PTE Ltd. ("Tata Steel") in respect of potential development projects for the LabMag Property and the KéMag Property (collectively referred to as the "Taconite Project"). Under the HOA, Tata Steel participated in a feasibility study to evaluate the potential development of these projects and has the option to own an 80% interest should there be a project outcome.

Each of the LabMag and KéMag deposits could support a large-scale iron ore concentrating and pelletizing complex comparable to that of existing Labrador Trough producers and become a source of saleable product qualities capable of servicing iron making through either the blast furnace or direct reduction route. Recognizing the macroeconomic situation poses challenges for development of the Taconite Project as currently conceived in the HOA, each of NML and Tata Steel are revisiting their possible approaches with respect to these properties.

Other Properties

Howells Lake and Howells River North

These two properties are located approximately 47 km northwest of Schefferville in the Elross Township and occur in the same continuous taconite formation. These two areas were drilled in detail in 2012. Based on the drilling results, NML engaged SGS Canada Inc. ("SGS") to provide a NI 43-101 compliant resource estimation. SGS provided a combined resource estimation report for the Howells Lake and Howells River North Properties.

Sheps Lake

The Sheps Lake Property is located in NL, south of the LabMag property and is approximately 20 km southwest of Schefferville. NML carried out drilling in 2011 and 2012. SGS provided a NI 43-101 compliant resource estimation.

Perault Lake

The Perault Lake Property is located in NL, immediately south of the Sheps Lake Property, approximately 17 km southwest of Schefferville. In 2012, NML carried out a Phase 1 exploration drilling program. Based on the results of the drilling, SGS provided a NI 43-101 compliant mineral resource estimation.

Lac Ritchie

The Lac Ritchie Property is located approximately 134 km northwest of Schefferville and approximately 70 km northwest of the KéMag deposit in Québec. NML conducted Phase 1 drilling in 2011. Based on the results of drilling, SGS provided a NI 43-101 compliant Technical Report on the mineral resource estimates for the property.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL CORPORATE AFFAIRS

In 2020, NML continued its cash conservation measures and new investment strategies aimed at keeping the Company cash flow neutral. As at June 30, 2020, NML held approximately \$12.0 million in cash and marketable securities, and had overall working capital of \$12.0 million. The Company's business priorities such as claims management, essential administration and regulatory matters are being successfully carried out by a small management team.

On July 15, 2020, NML received a notice from the Toronto Stock Exchange (the "TSX") that the TSX is reviewing the eligibility of the Company's securities for continued listing on the TSX pursuant to Part VII of the TSX Company Manual (the "Manual").

NML is being reviewed under the TSX's remedial review process and has been granted 120 days to comply with all requirements for continued listing. If NML cannot demonstrate that it meets all TSX requirements set out in Part VII of the Manual on or before November 12, 2020, the Company's securities will be delisted 30 days from such date. The Company's listed shares (TSX: NML) will continue to trade on the TSX during the remedial review process. There can be no assurance that the Company will successfully regain compliance with the TSX listing requirements within this time period or obtain an alternate listing on another exchange.

The TSX notification and review does not affect the Company's business operations or applicable Canadian reporting requirements.

Assignment of Portion of PSI Contract Capacity

On November 19, 2018, NML closed the previously announced transaction under which 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by NML in a July 2012 contract with the Sept-Îles Port Authority (the "Port"), along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract were sold to Tacora Resources Inc. Tacora is currently restarting the Scully Mine located near the town of Wabush, Newfoundland and Labrador.

Total cash consideration of \$4 million was paid to NML and further payments to NML of \$0.10 per tonne of iron ore shipped under the sold capacity over a 20-year period through the Port facilities to commence from and after the date of Tacora's first shipment through the Port facilities.

Tacora Resources Inc. began shipments of its iron ore concentrates during the quarter ended September 30, 2019. NML has received royalty payments in accordance with the agreement between NML and Tacora Resources Inc. The Tacora shipments of its iron ore have continued. The table below indicates the tonnage shipped for the three-month and six-month periods ended June 30, 2020.

Tacora Resources Inc. - Tonnage Shipped

Quarter	Gross weight (metric tons of iron ore)
Q1 2020	406,919
Q2 2020	841,753
Total	1,248,672

Other than the reduction in NML's annual wharf capacity to 8.5 million tonnes, there is no change to NML's existing arrangements with the PSI regarding the rights and shipping rates related to the remaining reserved capacity and the Company will not be required to make any additional cash outlays to meet its take-or-pay obligation.

Due from Tata Steel

During the quarter, the Company continued its discussions between Tata Steel ("Tata") regarding the previously reported amount due from Tata with Tata advising the Company of disagreement with calculations making up the basis for the receivable. Upon review, the Company has not been provided with sufficient certainty to

MANAGEMENT'S DISCUSSION AND ANALYSIS

consider the amount due from Tata as collectible and accordingly has written down the full amount of the receivable. The write-down of the receivable does not mean that the Company does not believe that it does not have a valid claim for those costs incurred on behalf of Tata Steel during the Feasibility Studies of the Taconite projects. The Company and Tata Steel are currently reviewing the details of those charges and are confident that a negotiated settlement will be reached.

New Business Initiative

On December 18, 2018, the Company announced the study, with assistance from independent advisors, of new business opportunities aimed at diversifying its iron ore and infrastructure interests.

As part of the previously mentioned discussions with Tata, on August 5, 2020, the Company announced that it has arrived at an agreement with TS Global Minerals Holdings Pte. Ltd. ("TSGMH"), Tata Steel Minerals Canada Ltd. ("TSMC") and TSMUK LTD ("TSMUK", and together with TSGMH and TSMC, the "Tata Steel Group") to reorganize their relationship (the "Reorganization") pursuant to a reorganization agreement as follows:

1. The Company will sell and transfer its 4.32% interest in TSMC to TSMUK, representing its entire interest, or undertake a similar transaction with a similar effect;
2. The Company will purchase for cancellation the 47,402,908 common shares of the Company held by TSGMH, representing TSGMH's entire interest, or undertake a similar transaction with a similar effect, following which TSGMH will own no shares of NML;
3. The Company will retain its interests in the LabMag and KéMag properties (the "Taconite Properties"), and TSGMH will be granted 1% gross revenue royalty on the Taconite Properties, which may be further reduced to 0.5% gross revenue royalty upon cash payment of an agreed upon amount to TSGMH exercisable at any time upon a 30 calendar days' prior written notice to TSGMH;
4. The heads of agreements dated September 24, 2008 and March 6, 2011 between TSGMH, the Company and LabMag Limited Partnership pertaining to the Taconite Properties will each be terminated; and
5. Subject to the obligations contained in the Reorganization Agreement, all outstanding payables between the Company, on the one hand, and the Tata Steel Group, on the other hand, will be settled between the parties and the parties will enter into a mutual release.

In parallel NML is also making significant progress to implement a new strategy and business plan for the Company outside of its iron ore business.

Management has performed extensive analysis and due diligence on over 50 opportunities. NML believes these opportunities could have considerable investor interest and more appeal in the capital markets. Potential transactions considered under this initiative consist of a wide range of transactions, including mergers, financings and acquisitions of both public and private companies. The various opportunities reviewed are in sectors including Technology, Software, Manufacturing, Metals and Mining, Infrastructure, Business Services, Food & Beverage and Healthcare.

At this time, it is expected that the Company will be in a position to announce its plans prior to the end of the 2020 fiscal year. As of the date of this MD&A, the Company has not entered into any definitive documentation regarding a transaction related to an opportunity reviewed under this initiative. There is no guarantee or assurance that any transaction related to a new business opportunity will occur. The Company will manage disclosure obligations and update shareholders as necessary with respect to any transaction pursued under the New Business Initiative.

Outlook

With regard to the company's main business, in the currently challenging market environment for new greenfield iron ore projects, NML's main projects are on hold and NML has implemented cash conservation measures, while protecting its mineral claims and iron ore development positioning. At the end of 2018, the Company announced the study with assistance from independent advisors of new business opportunities aimed at diversifying its iron ore and infrastructure interests. This study is continuing in 2020 in order to create

MANAGEMENT'S DISCUSSION AND ANALYSIS

shareholder value. A Special Committee of independent directors was formed to assist management and the appointed advisors in reviewing opportunities and to make recommendations to the Board.

TSMC'S DSO PROJECT

NML has a 4.32% interest in TSMC, which is owner and operator of a direct shipping ore ("DSO") project near Schefferville, Quebec. The DSO project is in ramp-up stage and produces and ships sinter fines. Subsidiaries of Tata Steel and the Quebec Government's financing arm, Investissement Québec, own the remainder of TSMC.

TSMC completed, in early 2019, its enclosed beneficiation plant that, when fully operational, will increase the DSO Project's scale while adding higher quality fines to the saleable product mix. Shipping activity from the plant commenced in mid-2019. The plant is currently in a startup mode.

Due to COVID-19, the Quebec Government mandated the closure of all non-essential businesses on March 25, 2020, which included the DSO project. Further to this, it announced on April 13, 2020, that the mining industry could resume its normal activities on April 15, 2020.

TSMC was in Care and Maintenance from March 24, 2020 until May 31, 2020. Its production resumed on June 1, 2020.

In June 2020, TSMC achieved its best ever monthly production of 65.2 kT in one shift operation.

NML is not active in either the management or operations of TSMC and will only derive revenue from the DSO Project when TSMC is in a dividend-paying position, which is not known at this time.

In conformance with a new accounting standard for the classification and measurement of financial assets effective January 1, 2018, NML has begun to measure its investment in TSMC at fair value (see **Financial Condition** section below). The new accounting standard calls for the fair value to be calculated and reported quarterly. A discounted cash flow model was used incorporating TSMC's business assumptions and other factors to arrive at the estimated present value of net cash flow available for projected dividends to the Company as an equity investor. The discounted cash flow model and the related business assumptions and other factors, which include market conditions are more fully described in Note 2.6 and Note 19 of the 2019 audited consolidated financial statements, and are reviewed quarterly (see Note 15 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020).

As at June 30, 2020, the Company determined the fair value of its investment in TSMC to be \$5,495,000, resulting in an increase of \$2,032,000 for the six-month period then ended. The increase is based on estimating the same financial metrics that were used to evaluate the fair value in prior quarters. The main factors and changes to the model include the:

- Funding requirements of TSMC which have been principally in debt and preferred shares and resulting in increased carrying costs until the repayment of such instruments;
- Cost of capital that is used for the current market rate of return;
- Market price of iron ore;
- The amount and timing of payment of dividends by TSMC which are affected by the outcome of the above factors;
- US dollar exchange rate; and,
- Internal and external factors that may affect production and logistics, such as production volume levels and cost to produce.

FINANCIAL CONDITION

IFRS Accounting policies

The Company's significant accounting policies under IFRS are disclosed in Note 4 in the audited annual consolidated financial statements for the year ended December 31, 2019.

Use of estimates and judgments

Please refer to Note 2.6 of the 2019 audited annual consolidated financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

Reporting global event

During the six-month period ended June 30, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

Changes in accounting policies

The Company's changes to accounting policies are disclosed in Note 3 in the audited annual consolidated financial statements for the year ended December 31, 2019.

Adoption of new accounting standards

The information is provided in Note 3.1 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020.

New standards and interpretations that have not yet been adopted

The information is provided in Note 3.2 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020.

Financial Instruments

All financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

An extended description of the Company's financial instruments and their fair values is provided in Note 15 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020.

Selected quarterly financial information

New Millennium anticipates that the quarterly and annual results of operations will primarily be impacted for the near future by several factors, including the timing and efforts of the exploration's expenditures and efforts related to the development of the Company. Due to these fluctuations, the Company believes that the quarter to quarter and the year-to-year comparisons of the operating results may not be a good indication of its future performance.

The following selected quarterly financial information is derived from our unaudited condensed interim financial statements for each of the two most recently completed financial years.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEW MILLENNIUM IRON CORP. SELECTED QUARTERLY FINANCIAL INFORMATION

	2020				2019			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED STATEMENTS OF								
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)								
Operating expenses								
General and administrative expenses	314,208	307,365	298,801	201,559	296,676	356,158	300,864	210,623
Mineral exploration and evaluation	-	274	31,890	-	7,665	20,220	(2,249,612)	(58,232)
Reversal of impairment of other assets	-	-	-	-	-	-	(4,299,049)	(85,196)
Change in fair value of long-term investment	(2,445,000)	413,000	767,000	5,918,000	(40,000)	(523,000)	(1,783,000)	148,000
(Recovery) write-down of tax credits and mining duties receivable	-	-	(19,295)	-	-	-	4,445,369	-
Write-off of R&D tax credits payable	-	-	(33,893)	-	-	-	-	-
Write-down of due from Tata Steel	-	-	-	-	-	-	3,843,972	-
Derecognition of mining duties payable	-	-	-	-	-	-	(1,285,049)	-
	(2,130,792)	720,639	1,044,503	6,119,559	264,341	(146,622)	(1,026,505)	215,195
Other items								
Investment (reversal) income	(66,559)	253,569	294,206	261,909	269,389	230,934	241,260	211,323
Finance expense	(1,155)	(1,499)	(1,172)	(1,201)	(1,264)	(1,317)	-	-
Change in fair value of marketable securities	160,199	(1,147,815)	284,004	32,552	157,221	305,211	(116,485)	(315,437)
Revenue from use of wharf	84,175	40,692	62,211	29,529	-	-	-	-
	176,660	(855,053)	639,249	322,789	425,346	534,828	124,775	(104,114)
Net income (loss)	2,307,452	(1,575,692)	(405,254)	(5,796,770)	161,005	681,450	1,151,280	(319,309)
Other comprehensive (loss) income								
Change in fair value of fixed rate investments	(172,268)	(578,100)	(459,062)	(359,771)	(2,897,170)	370,420	(1,735,900)	(575,500)
	(172,268)	(578,100)	(459,062)	(359,771)	(2,897,170)	370,420	(1,735,900)	(575,500)
Total comprehensive income (loss)	2,135,184	(2,153,792)	(864,316)	(6,156,541)	(2,736,165)	1,051,870	(584,620)	(894,809)
Net income (loss) attributable to:								
Shareholders of New Millennium Iron Corp.	2,307,452	(1,575,692)	(405,254)	(5,796,770)	161,005	681,450	1,151,280	(319,309)
Non-controlling interests	-	-	-	-	-	-	-	-
Other comprehensive (loss) income attributable to:								
Shareholders of New Millennium Iron Corp.	(172,268)	(578,100)	(459,062)	(359,771)	(2,897,170)	370,420	(1,735,900)	(575,500)
Non-controlling interests	-	-	-	-	-	-	-	-
Total comprehensive income (loss) attributable to:								
Shareholders of New Millennium Iron Corp.	2,135,184	(2,153,792)	(864,316)	(6,156,541)	(2,736,165)	1,051,870	(584,620)	(894,809)
Non-controlling interests	-	-	-	-	-	-	-	-
Basic and diluted earnings (loss) per share:	0.01	(0.01)	(0.00)	(0.03)	0.00	0.00	0.01	(0.00)

	2020				2019			
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
	\$	\$	\$	\$	\$	\$	\$	\$
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION								
Cash	6,826,831	7,275,120	7,319,439	6,807,652	6,890,926	7,373,601	6,997,065	2,919,852
Marketable securities	5,207,491	5,330,853	6,873,931	7,086,155	7,374,330	9,711,548	9,411,009	10,833,079
Total current assets	12,183,107	12,684,667	14,325,072	13,974,868	14,330,991	17,109,975	16,466,673	13,793,130
Due from Tata Steel (non-current assets)	-	-	-	-	-	-	-	1,821,369
Tax credits and mining duties receivable	-	-	-	428,384	428,384	428,384	428,384	4,840,454
Long-term investment	5,495,000	3,050,000	3,463,000	4,230,000	10,148,000	10,108,000	9,585,000	8,416,000
Total non-current assets	5,838,371	3,393,371	3,806,371	5,001,755	10,919,755	10,879,755	10,356,755	15,421,194
Total current liabilities	209,351	401,095	300,708	193,131	310,713	313,532	199,100	106,327
Total non-current liabilities	716,527	716,527	716,527	804,968	804,968	804,968	804,968	2,090,016
Non-controlling interest	238,351	238,351	238,351	238,351	238,351	238,351	238,351	238,351
Equity	17,095,600	14,960,416	17,114,208	17,978,524	24,135,065	26,871,230	25,819,360	27,017,981

The total comprehensive income of \$2,135,184 for Q2-2020 is mostly attributable to an increase in fair value of long-term investment of \$2,445,000.

The total comprehensive loss of \$2,153,792 for Q1-2020 is mostly attributable to a decrease in fair value of marketable securities of \$1,147,815 combined with a decrease in fair value of long-term investment of \$413,000 and a decrease of \$578,100 in change in fair value of fixed rate investments.

The total comprehensive loss of \$864,316 for Q4-2019 is mostly attributable to a decrease in fair value of long-term investment of \$767,000.

The total comprehensive loss of \$6,156,541 for Q3-2019 is mostly attributable to a decrease in fair value of long-term investment of \$5,918,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The total comprehensive loss of \$2,736,165 for Q2-2019 is mostly attributable to a decrease in fair value of fixed rate investments of \$2,897,170.

The total comprehensive income of \$1,051,870 for Q1-2019 is mostly attributable to an increase in fair value of marketable securities of \$305,211 combined with an increase in fair value of long-term investment of \$523,000.

The total comprehensive loss of \$584,620 for Q4-2018 is mostly attributable to a write-down of tax credits and mining duties receivable of \$4,445,369 and a write-down of due from Tata Steel of \$3,843,972 combined with an increase in fair value of long-term investment of \$1,783,000, a reversal of impairment of other assets of \$4,299,049, a derecognition of mining duties payable of \$1,285,049 and a recovery of mineral exploration and evaluation expenses of \$2,249,612.

Results of operations for the three-month period ended June 30, 2020

Total comprehensive (loss) income

The basic and diluted earnings per share for the three-month period ended June 30, 2020 is \$0.01 as compared to a basic and diluted earnings per share \$0.00 for the three-month period ended June 30, 2019.

During the three-month period ended June 30, 2020, the Company realized a total comprehensive income of \$2,135,184 as compared to a total comprehensive loss of \$2,736,165 for the three-month period ended June 30, 2019.

The increase of \$4,871,349 for the three-month period ended June 30, 2020 in total comprehensive income as compared to the three-month period ended June 30, 2019 is mostly attributable to a decrease in operating expenses of \$2,395,133 (operating expenses recovery of \$2,130,792 for Q2-2020 as compared to operating expenses of \$264,341 for Q2-2019) combined with a decrease of \$2,724,902 in other comprehensive loss (other comprehensive loss of \$172,268 for Q2-2020 as compared to other comprehensive loss of \$2,897,170 for Q2-2019).

Operating expenses

During the three-month period ended June 30, 2020, operating expenses (recovery) were \$2,130,792 as compared to operating expenses of \$264,341 for the three-month period ended June 30, 2019. The significant decrease of \$2,395,133 in operating expenses for the three-month period ended June 30, 2020 as compared to the three-month period ended June 30, 2019 is due to a markup in fair value of long-term investment of \$2,445,000 in Q2-2020 as compared to a markup of \$40,000 in fair value of long-term investment in Q2-2019.

Other items

During the three-month period ended June 30, 2020, the other items (revenues) were \$176,660 as compared to other items (revenues) of \$425,346 for the three-month period ended June 30, 2019. The decrease of \$248,686 in other items (revenues) is mainly due to a decrease in investment income of \$335,948 (investment (reversal) income of \$66,559 for Q2-2020 as compared to an investment income of \$269,389 for Q2-2019).

Other comprehensive (loss) income

During the three-month period ended June 30, 2020, the other comprehensive loss were \$172,268 as compared to other comprehensive loss of \$2,897,170 for the three-month period ended June 30, 2019. The decrease of \$2,724,902 in other comprehensive loss is due to a markdown in fair value of marketable securities (fixed rate investments) of \$172,268 in Q2-2020 as compared to a markdown of \$2,897,170 in fair value of marketable securities (fixed rate investments) in Q2-2019.

Results of operations for the six-month period ended June 30, 2020

Total comprehensive income (loss)

The basic and diluted earnings per share for the six-month period ended June 30, 2020 is \$0.00 as compared to a basic and diluted earnings per share \$0.00 for the six-month period ended June 30, 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

During the six-month period ended June 30, 2020, the Company realized a total comprehensive loss of \$18,608 as compared to a total comprehensive loss of \$1,684,295 for the six-month period ended June 30, 2019.

The decrease of \$1,665,687 for the six-month period ended June 30, 2020 in total comprehensive loss as compared to the six-month period ended June 30, 2019 is mostly attributable to a decrease in operating expenses of \$1,527,872 (operating expenses (recovery) of \$1,410,153 for the six-month period ended June 30, 2020 as compared to operating expenses of \$117,719 for the six-month period ended June 30, 2019).

Operating expenses

During the six-month period ended June 30, 2020, operating expenses (recovery) were \$1,410,153 as compared to operating expenses of \$117,719 for the six-month period ended June 30, 2019. The significant decrease of \$1,527,872 in operating expenses for the six-month period ended June 30, 2020 as compared to the six-month period ended June 30, 2019 is due to an increase of \$1,469,000 in change in fair value of long-term investment (markup in fair value of long-term investment of \$2,032,000 for the six-month period ended June 30, 2020 as compared to a markup of \$563,000 in fair value of long-term investment for the six-month period ended June 30, 2019).

Other items

During the six-month period ended June 30, 2020, the other items (expenses) were \$678,393 as compared to other items (revenues) of \$960,174 for the six-month period ended June 30, 2019. The increase of \$1,638,567 in other items (expenses) is mainly due to a decrease in fair value of marketable securities of \$1,450,048 (markdown of \$987,616 for the six-month period ended June 30, 2020 as compared to a markup of \$462,432 for the six-month period ended June 30, 2019).

Other comprehensive loss

During the six-month period ended June 30, 2020, the other comprehensive loss were \$750,368 as compared to other comprehensive loss of \$2,526,750 for the six-month period ended June 30, 2019. The decrease of \$1,776,382 in other comprehensive loss is due to a markdown in fair value of marketable securities (fixed rate investments) of \$750,368 for the six-month period ended June 30, 2020 as compared to a markdown of \$2,526,750 in fair value of marketable securities (fixed rate investments) for the six-month period ended June 30, 2019.

Cash Flows

Cash flows used for operating activities

Cash flows used for operating activities were \$608,075 during the six-month period ended June 30, 2020, a slightly increase of \$29,252 as compared to cash flows of \$578,823 used for operating activities during the six-month period ended June 30, 2019. There were no major changes from cash flows used for operating activities.

Cash flows from investing activities

Cash flows from investing activities were \$115,467 during the six-month period ended June 30, 2020, a decrease of \$357,217 as compared to cash flows of \$472,684 from investing activities during the six-month period ended June 30, 2019.

The decrease of \$357,217 in cash flows from investing activities is mainly due to a decrease of \$350,324 in net interest received (\$36,288 for the six-month period ended June 30, 2020 as compared to \$386,612 for the six-month period ended June 30, 2019).

Related party transactions

Please refer to Note 14 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020 for a summary of the Company's transactions with related parties period end balances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Commitments and contingencies

Please refer to Note 18 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020 for a summary of the Company's commitments and contingencies.

Subsequent events

Please refer to Note 19 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020 for a summary of the Company's subsequent events.

Off-financial position arrangements

As at June 30, 2020, the Company had no off-financial position arrangements.

Capital management policies and procedures

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 16 and in the consolidated statement of changes in equity of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risk characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirements.

Liquidity and capital resources

Working capital as at June 30, 2020 of \$11,973,756 represents a decrease of \$2,050,608 as compared to the working capital of \$14,024,364 as at December 31, 2019. This decrease in working capital is mainly attributable to a decrease of \$1,666,440 in the value of marketable securities held in the consolidated statements of financial position (\$5,207,491 as at June 30, 2020 compared to \$6,873,931 as at December 31, 2019).

The Company's working capital has been invested in cash, debentures of a public corporation and equity investments in public corporations. These investments have been classified as current assets. The Company intends to use a portion of its cash and investment income to fulfill assessment work required to maintain claims and pay corporate operating expenses.

Since its incorporation, the Company has not paid any cash dividends on its outstanding common shares. Any future dividend payment will depend on the Company's financial needs to fund its exploration programs and its future growth, and any other factor that the Board may deem necessary to consider. It is highly unlikely that any dividends will be paid in the near future.

Capital expenditures

There were \$Nil of acquisitions of property and equipment during the six-month period ended June 30, 2020 and years ended December 31, 2019 and 2018.

Capital resources

As at June 30, 2020, NML has paid up capital of \$177,584,512 (\$177,584,512 as at December 31, 2019) representing 181,054,146 (181,054,146 as at December 31, 2019) common shares, contributed surplus of \$22,432,336 (\$22,432,336 as at December 31, 2019) a deficit of \$178,009,848 (\$178,741,608 for the year ended December 31, 2019) and an accumulated other comprehensive loss of \$5,149,751 (\$4,399,383 as at December 31, 2019) resulting in total equity attributable to shareholders of the Company of \$16,857,249 (\$16,875,587 as at December 31, 2019). In addition, there is a non-controlling interest of \$238,351 (\$238,351 as at December 31, 2019) resulting in total equity of \$17,095,600 (\$17,114,208 as at December 31, 2019).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Controls and Procedures Over Financial Reporting

In compliance with the Canadian Securities Administrators' National Instrument 52-109, the Company has filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

Disclosure Control and Procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of the disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective as at June 30, 2020.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal control over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for financial reporting purposes in accordance with IFRS.

Management, including the CEO and CFO, does not expect that our internal controls and procedures over financial reporting will prevent all error and all fraud. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts, by collusion of two or more people, or by management override of the control. The design of any system of controls is partially based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of our internal control over financial reporting. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting are effective as at June 30, 2020, using the criteria set forth in the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Changes to Internal Control over Financial Reporting

No changes were made to our internal control over financial reporting during the quarter ended June 30, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following selected financial information is derived from our unaudited financial statements.

NEW MILLENNIUM IRON CORP.

Disclosure of outstanding share data (as at August 5, 2020)

Outstanding common shares:	181,054,146
Outstanding share options:	Nil
Outstanding warrants:	Nil

MARKET REVIEW

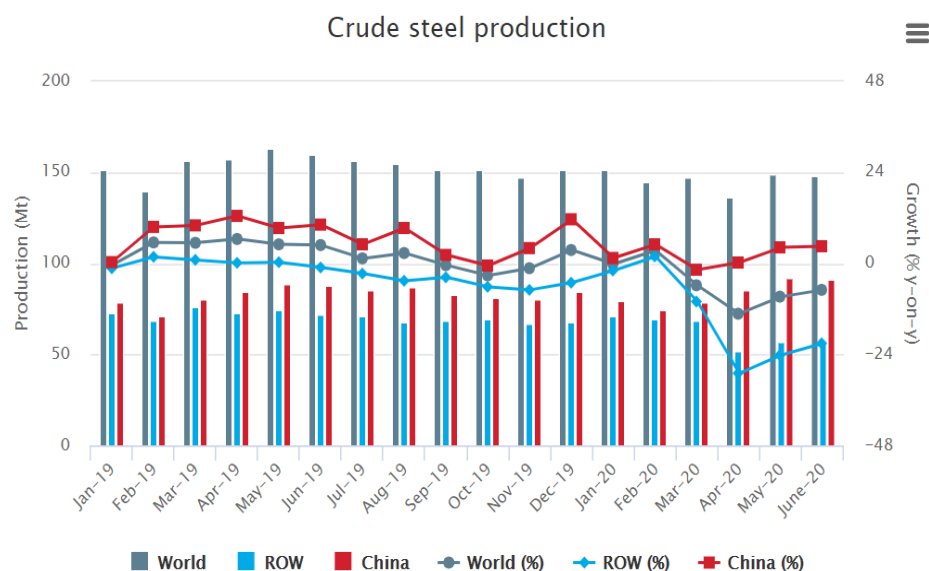
STEEL

Iron ore prices depend to a large extent on steel production. According to the World Steel Association's ("WSA") statistics released July 23, 2020, world crude steel production for the 64 countries) was 873.1 Mt in the first six months of 2020, down by 6.0% compared to the same period in 2019. Asia produced 642.0 Mt of crude steel in the first half of 2020, a decrease of 3.0% over the first half of 2019. The EU produced 68.3 Mt of crude steel in the first half of 2020, down by 18.7% compared to the first half of 2019. North America's crude steel production in the first half of 2020 was 50.2 Mt, a decrease of 17.6% compared to the first half of 2019.

China produced 91.6 Mt of crude steel in June 2020, an increase of 4.5% compared to June 2019. India produced 6.9 Mt of crude steel in June 2020, down 26.3% on June 2019. Japan produced 5.6 Mt of crude steel in June 2020, down 36.3% on June 2019. South Korea's steel production for June 2020 was 5.1 Mt, down by 14.3% on June 2020.

China is back in a big way, with the resulting impact on iron ore supply and price.

14.3% on June 2020.



worldsteel.org

MANAGEMENT'S DISCUSSION AND ANALYSIS

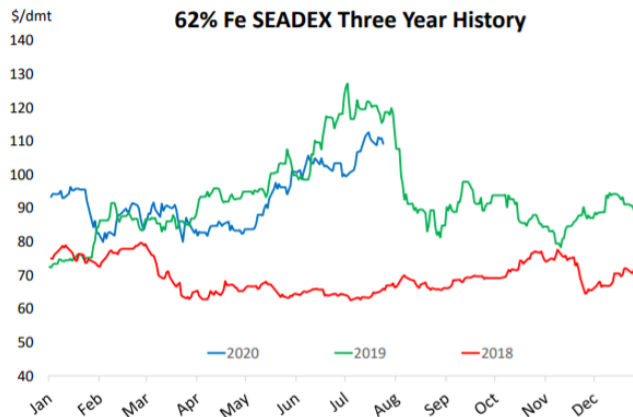
The longer-term effects of Covid-19 is still to be known with likely several months for demand and production to return to previous levels in the rest of the world.

IRON ORE

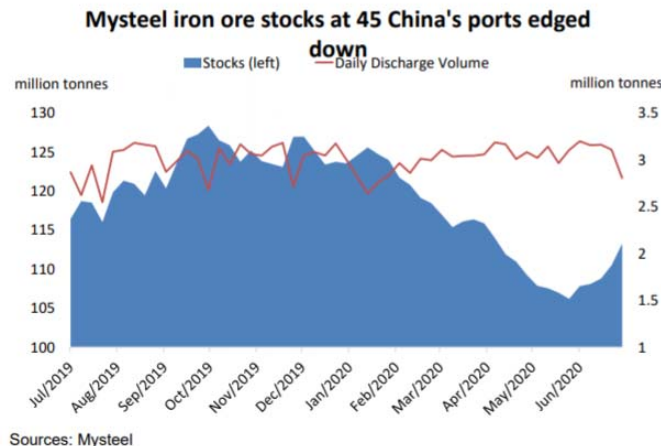
Unexpected steel production growth in 2019, mainly in China and less so in India, along with iron ore supply constraints due to weather conditions in Australia and Brazil, and tailings dam constraints in Brazil, created unexpected iron ore price increases. This was compounded by the Covid crisis in the first half of 2020 affecting steel production, iron ore requirements and production especially in Brazil. The end result is the unexpected increasing price of iron ore.

Again, characterized by volatility in 2019, the average price was US\$94 per tonne as measured by the 62% Fe Fines CFR North China compared to 2018, when the iron ore price averaged US\$69 per tonne for the year, versus US\$71 per tonne in 2017.

In Q1 2020, prices have plateaued in the mid 80's. It's a different story in Q2 with the prices increasing unexpectedly to over \$100 per tonne in July, the highest price in a year. See the blue line in the chart below. Source MySteel.



Chinese port iron ore stocks (left) are low but increasing. Discharge volumes (right) See below.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The iron ore industry has recovered from weather events in early Q1 and Q2. The Covid-19 tragedy has impacted production with producers taking precautions to reduce its impact.

The Vale situation continues to be problematic with several ongoing tailings dam stability investigations. Vale is switching rapidly to dry processing to reduce the need for dams, but this will take time.

Global iron ore production will grow modestly over the years due to mine expansions in Brazil and increasing output from India, *Fitch Solutions'* latest industry trend analysis found. Source [MINING.com Editor](#) | February 13, 2020 | 2:18 pm [Intelligence](#) [Top Companies](#) [Australia](#) [China](#) [Latin America](#) [Iron Ore](#)

Meanwhile, analysts say iron ore output growth in China will decline on the back of falling ore grades and high costs of production.

Global iron ore production will grow from 2,896mnt in 2019 to 3,147mnt by 2029, *Fitch forecasts*.

This represents an average annual growth rate of 0.8% during 2020-2029, which is a significant slowdown from an average growth rate of 3.0% during 2010-2019.

Fitch forecasts iron ore production in Australia to grow minimally over 2020-2029, averaging an annual 0.7% growth, compared with 8.7% growth over the previous 10-year period.

Supply growth will be primarily driven by India and Brazil, where Vale is planning to expand output to 390-400 mt by 2022.

In June 2018, BHP approved the A\$2.9 billion development of its South Flank iron ore project in Western Australia to replace existing mines. This project continue to be on schedule and budget.

The world's number one miner, BHP expects production to start in late 2021 at the project.

In the same month, Rio Tinto announced plans to start developing its Koodaideri iron ore mine in Western Australia's Pilbara region in 2019, claiming it is one of the most technologically advanced in the world. It will maintain iron ore grades and replace other depleting mines.

The company will mine its first tonnes from the project in 2021.

In May 2018, Fortescue Metals Group (World's No. 4 iron ore miner) approved the development of a A\$1.3 billion iron ore project, Eliwana, which will come online in 2020. It will increase Fortescue's iron ore grade.

Development of its \$2.6 Billion IRON BRIDGE Magnetite project continues. The project is practically a mirror of either of NML's LabMag and KéMag projects but without pelletizing.

This is the second major mine development that Fortescue is carrying out in less than a year.

Fortescue said the mine, in which Taiwan's Formosa and China's Baosteel Resources also hold a stake, is expected to produce 22 million tonnes a year of 67% iron magnetite concentrate by mid-2022 — at a fraction of the relative capital cost of other high-profile magnetite projects in Western Australia.

Chinese iron ore stockpiles are at a low having increased marginally in the last month.

The longer-term impact of the virus on world steel consumption is very hard to predict at this time. The eventual impact of the Guinean Simandou high grade ores are to be determined on the world requirements.

NML believes the outlook for high quality iron ore will continue to be strong as steel producers continue their efforts to reduce CO2 emissions and increase productivity and lower costs, even if global steel growth slows.

MANAGEMENT'S DISCUSSION AND ANALYSIS

There is no doubt, it will have an impact on lower grade producers. See Rio's renewed interest in Simandou below in competitive conditions.

PELLETS

The 64% Fe Indian Pellet index was recently assessed at \$116.00/dmt CFR North China. The demand for pellets has reduced with the result that Iron Ore Company of Canada has reduced pellet production to allow for higher concentrate sales. NML pellets, being a manufactured product with +67% Fe, can meet the requirements for lower environmental footprint and cost of iron.

COMPETITIVE CONDITIONS

The iron ore mineral exploration and mining business is a competitive business. The ability of the Company to acquire iron ore and other mineral properties in the future will depend not only on its ability to operate and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploration and development.

There are many brownfield and new iron ore projects being proposed. Several projects are progressing mainly in Australia by Rio Tinto, BHP, and Fortescue are being developed to sustain existing volumes or improve declining Fe (iron) grades.

The very large high-grade Guinean iron ore resources, mainly Simandou, are being discussed with ownership changes to Guinean and Chinese companies. The construction of the new 650 km rail line from Simandou to the Guinean coast and a new deep-water port are being discussed but no specific financing plans to go forward. If the challenges of financing and ownership are resolved, then these high grade mines eventually could have an important impact on future iron ore supplies and will challenge other large lower grade producers.

Below Source [Bloomberg](#) July 20, 2020

Rio Tinto's CEO recently suggested that they are renewing their studies to develop their remaining 45% owned Simandou Blocks 3 and 4. "There is more activity in Guinea," Rio's Chief Executive Officer Jean-Sebastien Jacques said in an interview. "Covid-19 remains a concern and the movement is pretty slow, but we are progressing our studies as we speak with our Chinese partner."

Rio Tinto Group is making progress on the development of Guinea's giant Simandou iron ore deposit, bringing a potential overhaul of global supply of the steel-making material closer into view.

The renewed effort marks a turnaround for London-based Rio, after an earlier deal to sell its share in Simandou to partner Aluminum Corp. of China, known as Chinalco, wasn't completed. Guinea is now regarded as a growth option alongside development of new mines in Australia's Pilbara region.

"We're looking at the project on its own merits. We have a development pathway for the Pilbara, we are looking at a Simandou option -- it's still early days," Jacques said in the interview on Friday.

Rio holds 45% of Simandou's blocks 3 and 4 -- which contains an estimated 2.8 billion tons of ore -- and China Baowu Steel Group is leading a consortium to acquire Chinalco's 40% stake, Caixin reported last month. China's State-owned Assets Supervision and Administration Commission is pushing companies to move forward with the project, people familiar with the plans said in March.

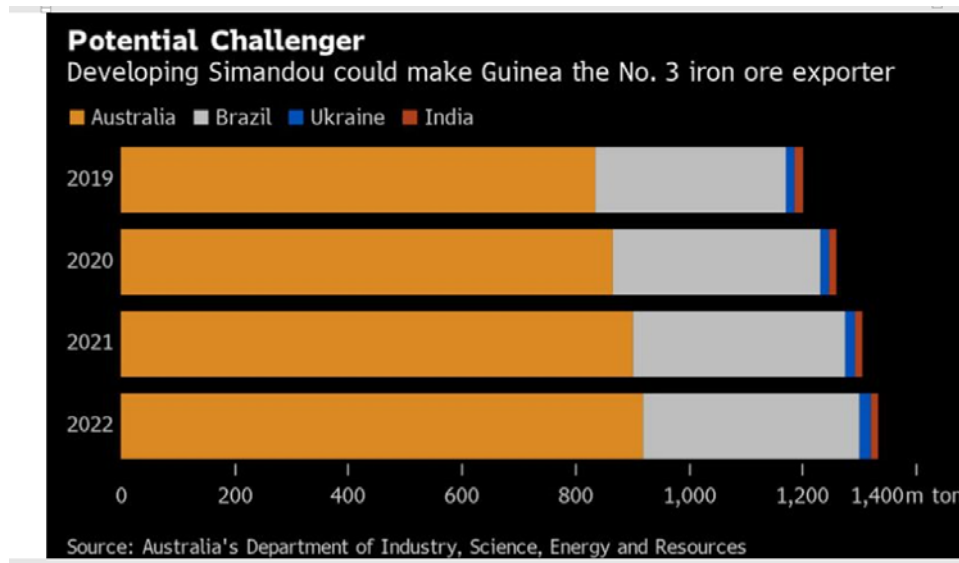
A separate project covering the other half of Simandou -- blocks 1 and 2 -- could be up and running within five years, producing about 60 million tons a year in an initial stage and then expanding to more than 100 million tons a year, according to Societe Miniere de Boke, part of a consortium with Singapore's Winning Shipping Ltd. and Guinea's government.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The prospect of a rival Guinea development and a potential move by BHP Group to boost export volumes in Australia may be acting to focus Rio's attention on its plans, RBC Capital Markets analyst Tyler Broda said in a note last week.

"We would view this as a change in tack from Rio management and a potentially interesting one," Broda said. "Rio could be making the first moves to protect its iron ore market share."

Firing up production from the small West African nation would add a new source of high-quality ore and deliver a challenge to some lower-grade exports from Australia and Brazil, the existing largest suppliers.



Vale in Brazil continues to struggle with its tailings dam issues and is instituting dry stacking storage methods.

The SAMARCO pellet plants continue to be shut down pending a restart of mining with no definite date as of now. Weather conditions in the early part of 2020 have caused a few production problems in Australia and in Brazil resulting in tight supplies.

The eventual effects of the coronavirus are currently questionable for steel production and the consequent effect on iron ore demand. China has recovered its steel production to 90% of capacity. Various governments have made financial assistance available, and the impact of these changes are yet to be determined in the rest of the world. Although the price for iron ore is currently in the \$110 per ton range, most analysts are predicting lower prices later in 2020 and 2021. The long term trend to electric arc steel production (EAF) continues increasing demand for scrap and direct reduced iron pellets.

The trend to using higher quality iron ore continues, especially in the new larger blast furnaces. Lower grades are used in situations where steel producers cut back on production to take advantage of the lower iron ore price. Pellets continue to command a premium price.

Alderon's 8 mtpy Kami Iron Ore Project near Fermont, Quebec and Labrador City, has been put into liquidation by Sprott who called in a loan. Champion Iron's Bloom lake expansion is being reviewed by the BAPE, Quebec's environment review organization. Baffinland Iron has agreed with the Qikiqtani Inuit Association to a new long-term financial deal for expansion, which gives certain advantages to the Inuit including a 3% royalty. The project still requires environment approval.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ArcelorMittal and Nippon Steel (AMNS, a Joint Venture) have closed the purchase of Essar Steel at Hazira, India and obtained 2 iron blocks auctioned by the Orissa State. The JV is restarting production at Thakorani with a capacity of 5 mtpy with potential expansion to 8 mtpy pipelined to the Paradip pellet plant.

BUSINESS RISKS

In the normal course of operations, the Company is exposed to various financial risks. Please refer to Note 17 of the condensed interim consolidated financial statements for the three-month and six-month periods ended June 30, 2020 for an extended description of the Company's financial risk management, objectives and policies.

The Company is engaged in the exploration, evaluation and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company has determined a project construction and operation plan based on best available knowledge and with certain assumptions that will enable it to initiate work and enter into contracts. Events outside the control of the Company, such as funding or permit approvals as examples, may adversely affect these plans and result in delays for construction and for start of operations.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power will need to be generated on site. Due to its location, weather events may cause disruptions or other difficulties in operations.

Certain of the Company's properties are located in the Province of Newfoundland and Labrador and therefore subject to its mining legislation, which may require that primary processing be done within the province in order to obtain mining rights. Furthermore, provincial and federal legislators may enact laws or budgets that have a negative impact on this project or on the mining industry as a whole.

The Company seeks to include First Nations participation in its projects and expects to enter into agreements with these First Nations. Although such agreements are not mandatory, failure to agree may result in disruption to the project execution or operations.

Volatile market conditions for resource commodities, including iron ore, have resulted in a dramatic decrease in market capitalization and the inability of companies to acquire funding for their exploration and development properties. An extended period of poor macroeconomic conditions could lead to an inability of the Company to finance future operations.

Inflation has not been a significant factor affecting the cost of goods and services in Canada in recent years; however renewed exploration and development activity may result in a shortage of experienced technical staff, and heavy demand for goods and services needed by the mining community.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The mineral industry is intensely competitive in all its phases. NML competes with many other mineral exploration companies with greater financial resources and technical capacity.

The Company invests in debentures and equity instruments of public companies and consequently the Company's investments are exposed to all the business and market risks of the investees as well as the volatility of interest rates and the liquidity of the specific debentures on the market or at maturity. There is no certainty that the Company will be able to realize the full value of its investments should funds be required or at maturity.

The price of iron ore and other commodities reflects the aforementioned market volatility. The purchase of securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major part of an investor's portfolio.

In recent years securities markets have experienced extreme price and volume volatility. The market price of securities of many early-stage companies have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the Toronto Stock Exchange may be affected by such volatility.

In order to develop the DSO Project to commercial production or to finance operations, additional third party financing may be required and there is no assurance that such financing will be available on reasonable commercial terms, or at all. The Company may receive additional cash calls from TSMC to invest additional amounts of equity or debt in TSMC to fund capital and/or operating costs of TSMC. If the cash calls cannot be met, the 4.32% interest of the Company in TSMC may be diluted further.

The success of the Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

In the normal course of the Company's business, NML may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions, related to the personal injuries, property damage, property tax, the environment and contract disputes. The outcome of outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Company and as a result, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

The COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Company continues to monitor the investment portfolio and assess the impact COVID-19 will have on its business activities including the uncertainty of revenues from its investments and other assets. The extent of the effect of the COVID-19 pandemic on the Company is uncertain.

Additional risk factors are contained in the Company's Annual Information Form for the Financial Year ended December 31, 2019, which is dated March 25, 2020 and filed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

For further information, please visit www.NMLIron.com, www.tatasteel.com, www.tatasteelcanada.com and the Company's profile on SEDAR.

Mr. H. Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this MD&A.

SCHEDULE A-2

AUDITED FINANCIAL STATEMENTS OF
NEW MILLENNIUM IRON CORP.
FOR THE YEAR ENDED
DECEMBER 31, 2019 AND FINANCIAL STATEMENTS
OF NEW MILLENNIUM IRON CORP. FOR THE THREE
AND SIX MONTHS ENDED JUNE 30, 2020



NEW MILLENNIUM IRON CORP.

Consolidated Financial Statements

**Years ended
December 31, 2019 and 2018**

NEW MILLENNIUM IRON CORP.

Consolidated Financial Statements

Years ended December 31, 2019 and 2018

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Independent Auditor's Report

To the Shareholders of New Millennium Iron Corp.:

Opinion

We have audited the consolidated financial statements of New Millennium Iron Corp. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of income (loss) and comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis. The other information also comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained the Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael Dimitriou.

Ottawa, Ontario

March 25, 2020

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

NEW MILLENNIUM IRON CORP.

Consolidated Statements of Financial Position

As at December 31, 2019 and 2018

(in Canadian dollars)

	Note	December 31 2019	December 31 2018
		\$	\$
Assets			
Current assets:			
Cash	5	7,319,439	6,997,065
Marketable securities	7	6,873,931	9,411,009
Sales tax and other receivables	6	100,854	47,819
Prepaid expenses		30,848	10,780
Total current assets		14,325,072	16,466,673
Non-current assets:			
Tax credits and mining duties receivable	9	-	428,384
Long-term investment	11	3,463,000	9,585,000
Land		343,371	343,371
Total non-current assets		3,806,371	10,356,755
Total assets		18,131,443	26,823,428
Liabilities and Equity			
Current liabilities:			
Trade and other payables	12	300,708	199,100
Total current liabilities		300,708	199,100
Non-current liabilities:			
Trade and other payables	12	716,527	716,527
Mining duties payable	9	-	88,441
Total non-current liabilities		716,527	804,968
Total liabilities		1,017,235	1,004,068
Equity:			
Share capital	13	177,584,512	177,584,512
Contributed surplus		22,432,336	22,432,336
Deficit		(178,741,608)	(173,382,039)
Accumulated other comprehensive loss		(4,399,383)	(1,053,800)
Total equity attributable to owners of the parent company		16,875,857	25,581,009
Non-controlling interest		238,351	238,351
Total equity		17,114,208	25,819,360
Total liabilities and equity		18,131,443	26,823,428

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 25 2020.

(S) Mario Caron
Director

(S) Dean Journeaux
Director

NEW MILLENNIUM IRON CORP.

Consolidated Statements of Income (Loss) and Comprehensive Loss

Years ended December 31, 2019 and 2018

(in Canadian dollars)

	Note	December 31 2019	December 31 2018
		\$	\$
Expenses:			
General and administrative expenses	15	1,153,194	1,025,179
Mineral exploration and evaluation	14	59,775	(2,316,952)
Reversal of impairment of other assets	10	-	(4,384,245)
Change in fair value of long-term investment	11	6,122,000	(1,149,000)
(Recovery) write-down of tax credits and mining duties receivable	9	(19,295)	4,445,369
Write-down of due from Tata Steel	8	-	3,843,972
Write-off of R&D tax credits payable		(33,893)	-
Derecognition of mining duties payable	9	-	(1,285,049)
		7,281,781	179,274
Other items:			
Investment income		1,056,438	843,987
Finance expense		(4,954)	-
Change in fair value of marketable securities	7	778,988	(364,830)
Revenue from use of wharf	4.14	91,740	-
		1,922,212	479,157
Net income (loss)		(5,359,569)	299,883
Other comprehensive loss:			
Change in fair value of fixed rate investments	7	(3,345,583)	(1,337,100)
Other comprehensive loss net of tax		(3,345,583)	(1,337,100)
Total comprehensive loss		(8,705,152)	(1,037,217)
Net income (loss) attributable to:			
Shareholders of New Millennium Iron Corp.		(5,359,569)	299,883
Non-controlling interest		-	-
		(5,359,569)	299,883
Other comprehensive loss attributable to:			
Shareholders of New Millennium Iron Corp.		(3,345,583)	(1,337,100)
Non-controlling interest		-	-
		(3,345,583)	(1,337,100)
Net income (loss) and comprehensive loss attributable to:			
Shareholders of New Millennium Iron Corp.		(8,705,152)	(1,037,217)
Non-controlling interest		-	-
		(8,705,152)	(1,037,217)
Weighted average number of common shares outstanding		181,054,146	181,054,146
Basic and diluted loss per share:		(0.03)	0.00

The accompanying notes are an integral part of these consolidated financial statements.

NEW MILLENNIUM IRON CORP.

Consolidated Statements of Changes in Equity

Years ended December 31, 2019 and 2018

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2018		181,054,146	177,584,512	22,432,336	(173,382,039)	(1,053,800)	25,581,009	238,351	25,819,360
Net loss and comprehensive loss for the year					(5,359,569)	(3,345,583)	(8,705,152)	-	(8,705,152)
Balance as at December 31, 2019		181,054,146	177,584,512	22,432,336	(178,741,608)	(4,399,383)	16,875,857	238,351	17,114,208
Balance as at December 31, 2017		181,054,146	177,584,512	22,432,336	(171,686,027)	-	28,330,821	238,351	28,569,172
IFRS 9 transition adjustment	3.1				(283,300)	283,300	-	-	-
IFRS 9 transition adjustment	3.1				(1,712,595)		(1,712,595)	-	(1,712,595)
Adjusted balance as at December 31, 2017		181,054,146	177,584,512	22,432,336	(173,681,922)	283,300	26,618,226	238,351	26,856,577
Net income and comprehensive loss for the year					299,883	(1,337,100)	(1,037,217)	-	(1,037,217)
Balance as at December 31, 2018		181,054,146	177,584,512	22,432,336	(173,382,039)	(1,053,800)	25,581,009	238,351	25,819,360

The accompanying notes are an integral part of these consolidated financial statements.

NEW MILLENNIUM IRON CORP.

Consolidated Statements of Cash Flows

Years ended December 31, 2019 and 2018

(in Canadian dollars)

	Note	December 31 2019	December 31 2018
		\$	\$
Operating activities:			
Net income (loss)		(5,359,569)	299,883
Adjustments for:			
Investment income		(1,056,438)	(843,987)
Change in fair value of marketable securities	7	(778,988)	364,830
Decrease (increase) in due from Tata Steel		-	(2,080,835)
Change in fair value of long-term investment	11	6,122,000	(1,149,000)
(Recovery) write-down of tax credits and mining duties receivable	9	(19,295)	4,445,369
Write-down of due from Tata Steel	8	-	3,843,972
Derecognition of mining duties payable	9	-	(1,285,049)
Tax credits and mining duties recognized		-	(239,152)
Write-off of R&D tax credits payable		(33,893)	-
Operating activities before changes in working capital items		(1,126,183)	3,356,031
Change in sales taxes and other receivables		(53,035)	16,131
Change in prepaid expenses		(20,068)	(10,780)
Change in trade and other payables		47,060	(9,034)
Change in working capital items		(26,043)	(3,683)
Cash flows from (used for) operating activities		(1,152,226)	3,352,348
Financing activity:			
Increase in long-term trade and other payables		-	93,325
Cash flows from financing activity		-	93,325
Investing activities:			
Proceeds on disposal of marketable securities		512,050	5,519,575
Purchase of marketable securities		(508,750)	(4,063,301)
Net interest received		839,782	745,447
Dividends received		183,839	119,669
Tax credits and mining duties received		447,679	243,082
Cash flows from investing activities		1,474,600	2,564,472
Net change in cash		322,374	6,010,145
Cash, beginning of year		6,997,065	986,920
Cash, end of year		7,319,439	6,997,065

Additional disclosures of cash flows information (Note 17).

The accompanying notes are an integral part of these consolidated financial statements.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements

Years ended December 31, 2019 and 2018

(in Canadian dollars)

1. Reporting entity:

The current principal activities of New Millennium Iron Corp. ("the Parent Company") and its subsidiaries ("the Company", "New Millennium" or "NML") are the exploration, evaluation and development of mineral properties. The Parent Company was incorporated pursuant to the provisions of the *Alberta Business Corporations Act* on August 8, 2003.

New Millennium is a company domiciled in Canada. New Millennium is a public company listed on the Toronto Stock Exchange ("TSX") and its trading symbol is "NML".

The address of the Company's executive office is 1000 Sherbrooke Street West, Suite 1120, Montréal, Québec, H3A 3G4 and its head, registered and records office is 520 3rd Avenue SW, Suite 1900, Calgary, Alberta, T2P 0R3 and its web site is www.nmliron.com.

2. Basis of preparation:

2.1 Statement of compliance:

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB"), applicable to the preparation of annual consolidated financial statements. The accounting policies applied in these consolidated financial statements are based on IFRS issued and in effect as at year end.

2.2 Basis of presentation:

The consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

2.3 Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

2.4 Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars (\$), which is also the Company's functional currency and the functional currency of each of its subsidiaries.

2.5 Basis of consolidation:

These consolidated financial statements include the accounts of the parent and the entities controlled by the parent and its subsidiaries which include the following entities:

Subsidiary	Principal activity	Jurisdiction of Incorporation	% of Ownership
LabMag Services Inc.	Provision of services to LLP	Canada	100%
LabMag GP Inc. ("GP")	General partner of LLP	Canada	80%
LabMag Limited Partnership ("LLP")	Exploration and evaluation of mineral properties	Canada	80%

In accordance with the LLP Partnership agreement between the Company, the Naskapi/LabMag Trust ("NNK Trust") and GP, the Company is responsible for providing and arranging for all capital in excess of the initial contributions of each partner and for the financing of all operating costs for exploration until commercial production commences.

The parent controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All significant intercompany transactions and balances are eliminated upon consolidation, including unrealized gains and losses on transactions between NML entities. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. All subsidiaries have annual reporting dates of December 31.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition or up to the effective date of disposal, as applicable. There were no such activities in the year.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

2. Basis of preparation (continued):

2.5 Basis of consolidation (continued):

Where the Company controls a subsidiary whose equity (or a portion thereof) is not attributable directly or indirectly to the Company, the Company records a non-controlling interest equal to its original cost plus its' attributable share of changes in equity since the date of acquisition. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the parent Company. Consequently, the Company consolidates 100% of the assets, liabilities and losses of LLP and reflects the contribution of the Partner holding the 20% interest in the Partnership as a non-controlling interest.

Summarized financial information of LLP, before intragroup eliminations, is set out below:

	December 31 2019	December 31 2018
	\$	\$
Current assets	79,570	114,652
Non-current assets	-	-
Total assets	79,570	114,652
Current liabilities	-	-
Non-current liabilities	587,704	587,704
Total liabilities	587,704	587,704
Partners' capital	(508,134)	(473,052)

	December 31 2019	December 31 2018
	\$	\$
Net loss and comprehensive loss attributable to NML	(35,082)	(1,239,337)
Net loss and comprehensive loss attributable to Non-controlling interest	-	-
Net loss and total comprehensive loss	(35,082)	(1,239,337)

	December 31 2019	December 31 2018
	\$	\$
Net cash used in operating activities	(23,324)	(1,592,337)
Net cash from financing activities	-	400,000
Net cash used in investing activities	-	1,220,299
Net cash inflow (outflow)	(23,324)	27,962

2.6 Use of estimates and judgements:

The preparation of the consolidated financial statements requires management to undertake several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

(a) Significant management judgment:

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effects on the financial statements.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

2. Basis of preparation (continued):

2.6 Use of estimates and judgements (continued):

(a) Significant management judgment (continued):

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period (see Note 16).

Tax credits receivable

Management continually evaluates the likelihood of recovering the tax credits receivable. The evaluation requires management to assess the interpretation of the Quebec tax regulations and the probability of the Company being successful in its actions. During the current year, the Company recovered successful the remaining amounts under dispute as at December 31, 2018.

Contracts with customers

Judgement is required in determining if a contract with a customer falls under IFRS 15 meeting all the criteria. Judgement is also required in determining performance obligations, timing of satisfying these obligations and amount of revenue to be recognized (Note 4.14 (b)).

Other assets

Management continually evaluates the likelihood of recovering the other assets. The evaluation requires management to assess the probability of the Company using the shipping facilities, or assigning a portion of its shipping rights, to recover the carrying amount. As at December 31, 2017, management has recorded an impairment of \$38,502,545 in other assets as the Company did not expect to be able to use the shipping facilities to recover the carrying amount as described in Note 10. During the year ended December 31, 2018, the Company reversed \$4,384,245 of this amount on assigning a portion of its shipping rights to an arms length party.

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgements and estimates. These judgments are based on several factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized.

Several of these factors are sources of estimation uncertainty.

To date, the Company has met all government regulations concerning reclamation requirements relating to the exploration and evaluation of its mineral properties on a progressive basis. Management believes that no additional environmental rehabilitation provisions are required at this time and no amount has been recorded in these consolidated financial statements.

(b) Estimation uncertainty:

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities and expenses is provided below. Actual results may be substantially different.

Long-term investment, Tata Steel Minerals Canada Ltd. ("TSMC")

Management uses a special valuation technique to estimate the fair value of the investment in TSMC at each reporting period as TSMC's shares are not publicly traded. The fair value of the investment is determined as the present value of estimated cash flows discounted at a current market rate of return.

In estimating the present value management is required to make assumptions as to future events or circumstances. The calculation of the fair value amount includes, but is not limited to, the following key assumptions:

- Future funding requirements of TSMC and resulting dilution of NML's ownership interest in TSMC;
- Cost of capital that is used for the current market rate of return;
- Market price of iron ore;
- The amount and timing of payment of dividends by TSMC;
- US dollar exchange rate; and
- Internal and external factors that may affect production and logistics.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

2. Basis of preparation (continued):

2.6 Use of estimates and judgements (continued):

(b) Estimation uncertainty (continued):

Share-based compensation

The estimation of share-based compensation costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share price, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

3. Changes in accounting policy:

3.1 IFRS 9 transition adjustment:

Under IFRS 9, an investment in an equity instrument that was previously accounted for at cost and that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of the initial application. Consequently, the Company has determined the fair value of its long-term investment in TSMC (see Note 11) to be \$8,436,000 as at January 1, 2018. The \$1,712,595 difference between the previous carrying value and the fair value has been recognized in the opening deficit of the previous period as at December 31, 2017.

Furthermore, the fixed rate investments were reclassified from fair value through profit or loss to fair value through other comprehensive income or loss. On January 1, 2018, the previously recognized gain on change in fair value of \$283,300 was reclassified from deficit to accumulated other comprehensive income on the statement of changes in equity.

3.2 IFRS 16 Leases:

On January 1, 2019, the Company adopted IFRS 16 which replaces IAS 17 Leases and related interpretations.

The core principle is that a lessee recognizes assets and liabilities for all leases with a lease term of more than 12 months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The new standard is intended to provide a faithful representation of leasing transactions, in particular those that do not currently require the lessees to recognize an asset and liability arising from an operating lease.

These changes are effective for annual periods beginning on or after January 1, 2019. The adoption of this new standard did not have a significant impact on the Company's financial statements as its leases are less than 12 months.

3.3 IFRIC 23 Uncertainty Over Income Tax Treatments:

On January 1, 2019, the Company adopted IFRIC 23. Issued by the IASB in June 2017 and provides guidance as to when it is appropriate to recognize a current tax asset when the taxation authority requires an entity to make an immediate payment related to an amount in dispute. This interpretation applies for annual reporting periods beginning on or after January 1, 2019. The adoption of this new standard did not have a significant impact on the Company's financial statements.

4. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and in preparing the statements of financial position, unless otherwise indicated.

4.1 Cash and cash equivalents:

Cash and cash equivalents comprise cash in bank and other short-term highly liquid investments having original maturities of three months or less from the acquisition date and that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.2 Marketable securities:

Marketable securities comprise of bonds and shares of other publicly trading companies and are recorded at fair value as of the date of the statement of financial position. The difference from the original cost base related to bonds is recorded as change in fair value in other comprehensive income while the difference from the original cost base related to share of other public trading companies is recorded in net loss.

4.3 Tax credits and mining credits on duties:

Tax credits and mining credits on duties are recognized as a reduction of the mineral exploration and evaluation expenditures during the period in which the costs are incurred, provided that the Company is reasonably certain the amounts will be received. The tax credits and mining credits on duties claimed and recorded must be examined and approved by the government authorities so it is possible that the amount granted will differ from the amount recorded.

4.4 Mineral exploration and evaluation expenditures:

All the Company's projects are currently in the exploration and evaluation phase or in preparation for a decision on their development.

Mineral exploration and evaluation expenditures are costs incurred during the initial search of mineral deposits before the technical feasibility and commercial viability of the extraction have been demonstrated.

The costs directly related to the acquisition of the mineral property rights and the exploration and evaluation expenditures incurred are expensed until a decision to develop a property.

The Company will capitalize expenditures related to mineral properties under property and equipment once a decision to develop a property has been made.

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

4.5 Reclamation obligations:

The Company's operations are governed by government environment protection legislation. Environmental consequences are difficult to identify in terms of amounts, timetable and impact. As of the reporting date, management believes that the Company's operations are in compliance with the current laws and regulations. Site restoration costs currently incurred are negligible. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated, a restoration provision will be recognized in the cost of the mining property when there is constructive commitment that has resulted from past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

4.6 Income taxes:

Income tax expense consists of the sum of current and deferred tax expense. Income tax expense is recognized in profit or loss except when they relate to items that are recognized outside profit or loss (i.e. directly in equity or other comprehensive income).

Current income tax expense is the expected tax payable on the taxable profit or loss for the period which differs from profit or loss in the consolidated financial statements, using tax rates enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to current or prior reporting periods.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.6 Income taxes (continued):

Deferred tax liabilities are always recognized in full.

A deferred tax asset is only recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred tax asset is recorded.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

When the Company has renounced its tax deductions and has incurred its eligible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction of deferred tax expense.

4.7 Basic and diluted loss per share:

Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting loss attributable to common shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares which include options and warrants. Dilutive potential common shares are deemed to have been converted into common shares at the average market price at the beginning of the period or, if later, at the date of issue of the potential common shares. The diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding warrants and share options.

4.8 Equity:

Share capital represents the amount received on the issuance of shares, less issuance costs net of any underlying income tax benefit from these issuance costs.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Issuance of flow-through shares represents in substance an issuance of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the consolidated statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method which means that the shares are valued at fair value of existing shares at the time of issuance and the residual proceeds are allocated to the liability. The liability component recorded initially on the issuance of shares is reversed on renunciation of the right to deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred tax expense.

Contributed surplus includes charges related to share options and warrants until such equity instruments are exercised, at which point the amounts are transferred to share capital. Options and warrants that expire unexercised remain in contributed surplus.

When shares are purchased for cancellation, the carrying amount of the shares is recognized as a deduction from share capital. The difference between the purchase price and the carrying amount of the shares is charged to contributed surplus.

Deficit includes all current and prior period retained income and losses.

Non-controlling interest consists of the subsidiaries' equity that the Company does not hold directly or indirectly.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.9 Share-based compensation:

The Company operates an equity settled share-based remuneration plan. All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees and third parties providing similar services are rewarded using share-based payments, the fair value of the services rendered by the party is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions, is determined using the Black-Scholes valuation model and is recognized over the vesting period of such options at each reporting date up to the vesting date or the expected vesting period when options vest only if certain performance criteria is met. The estimate of the number of the awards likely to vest is reviewed and adjusted to reflect the actual awards issued. Any cumulative adjustment prior to vesting is recognized in the current period in profit or loss with a corresponding adjustment to contributed surplus.

The compensation expense for the period is recognized in general and administrative expenses, with a corresponding adjustment to contributed surplus. Share-based payments to the agents in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus.

When directors, officers, employees and consultants exercise their share options, the share capital is credited by the sum of the consideration paid together with the related portion previously credited to contributed surplus when compensation expenses were charged in profit or loss.

4.10 Financial instruments:

(a) Recognition and derecognition:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

(b) Classification and initial measurement of financial assets:

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets are classified into the following categories:

- amortized cost;
- fair value through profit or loss ("FVTPL");
- fair value through other comprehensive income ("FVOCI").

The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

(c) Subsequent measurement of financial assets:

i) Financial assets at amortized cost:

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and other receivables fall into this category of financial instruments.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.10 Financial instruments (continued):

(c) Subsequent measurement of financial assets (continued):

ii) Financial assets at fair value through profit or loss (FVTPL):

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category contains equity investments and long-term investment. The Company accounts for the investments at FVTPL and did not make the irrevocable election to account for the investment in TSMC and listed equity securities at fair value through other comprehensive income (FVOCI).

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

iii) Financial assets at fair value through other comprehensive income (FVOCI):

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Fixed rate investments fall within this category.

The Company's financial assets are classified and measured as follows:

Financial assets	Measurement basis
Cash	Amortized cost
Marketable securities:	
• Equities	Fair value through profit or loss
• Fixed rate investments	Fair value through other comprehensive income or loss
Other receivables	Amortized cost
Long-term investment, TSMC	Fair value through profit or loss

4.11 Impairment of financial assets:

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- Stage 1: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk;
- Stage 2: financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low;
- Stage 3: there is objective evidence of impairment as at the reporting date (using the criteria currently included in IAS 39).

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.11 Impairment of financial assets (continued):

A 12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.12 Classification and measurement of financial liabilities:

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments). All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

The Company's financial liabilities are classified and measured as follows:

Financial liabilities	Measurement basis
Trade and other payables, except sales tax payable	Amortized cost

4.13 Impairment of property:

Land is tested for impairment whenever events or changes in circumstances indicate that the amounts may not be recoverable.

An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows. Discount factors are determined individually for each asset and reflect their respective risk profiles as assessed by management. The impairment loss reduces the asset directly.

Assets that have suffered impairment losses are reviewed at each reporting date for possible indicators of reversal of the impairment.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods

4.14 Revenue recognition:

(a) Investment income:

Investment income is recorded on an accrual basis.

(b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15"):

This standard replaced IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services. IFRS 15 introduces a single comprehensive model for recognizing revenues from contracts with customers. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer at an amount that reflects the consideration expected to be received in exchange for transferring those goods and services, applying the following five steps:

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.14 Revenue recognition (continued):

(b) IFRS 15 Revenue from Contracts with Customers ("IFRS 15") (continued):

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when (or as) the entity satisfies the performance obligation.

The standard also provides guidance relating to the treatment of contract acquisition and fulfillment costs.

In 2018, the Company adopted the new guidance for the recognition of revenue from contracts with customers; however, it had no revenues falling under this standard. In 2019 the Company generated revenue that falls under IFRS 15 relating to granting access to wharf usage to Tacora Resources Inc. ("Tacora") (Note 10).

The Company receives compensation for the use of its wharf capacity. The compensation consist of a fixed amount of \$0.10 per tonne shipped through the port. The Company's performance obligation in the contract is to grant access to Tacora and was achieved at the time the contract was signed in 2018. Even though the contract price is established and the performance obligation has been satisfied, there is uncertainty regarding the amount of revenue to flow to the Company as it depends on Tacora's future shipments; if any. As a result, revenue is not being recorded until actual shipment by Tacora occurs. This revenue is presented in the P&L as Revenue from use of wharf.

Contract balances:

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	December 31 2019	December 31 2018
	\$	\$
Trade receivables	71,527	-
Contract assets	-	-
Contract liabilities	-	-
	71,527	-

4.15 Foreign currency translation:

Monetary assets and liabilities denominated in foreign currency are translated to the Company's functional currency using the exchange rate in effect at the reporting date, whereas non-monetary items are translated at the historical rate. Revenue and expenses are translated to the functional currency using the average exchange rate in effect during the period, with the exception of revenue and expenses relating to non-monetary assets and liabilities, which are translated using the historical rate. Gains and losses on translation are recognized in profit or loss for the period.

4.16 Operating leases:

Leases with terms less than 12 months are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the period of the lease.

Any incentive received from the lessor is recognized as a reduction of rental expense over the lease term, on a straight-line basis.

4.17 Provisions:

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and the amounts can be reliably estimated. A present obligation arises from the presence of a legal or constructive commitment that results from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

The amount recognized as a provision is reviewed at each reporting date and is the best estimate of the consideration required to settle the present obligation based on the most reliable evidence at the reporting date taking into account the risks and uncertainties surrounding the obligation.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.17 Provisions (continued):

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

In those cases where the possible outflow of economic resources as a result of a present obligation is considered improbable or remote, no liability is recognized unless it was assumed in the course of a business combination.

As at December 31, 2019 and December 31, 2018, the Company had determined that no provision was required.

4.18 Segment reporting:

The Company presents and discloses segment information based on information that is regularly reviewed by its chief operating decision makers i.e. the Board of Directors and Chief Executive Officer. These decision makers have joint responsibility for allocating resources to the Company's operating segments and assessing their performance.

The Company has determined that it has only one operating segment, the exploration and evaluation of mineral resources.

4.19 New standards and interpretations that have not yet been adopted:

At the statement date, there were no new standards and interpretations applicable to the Company that were issued but not yet effective, except for:

(i) IAS 1 Presentation of Financial Statements (Amendment):

In October 2018, the International Accounting Standards Board (IASB) issued amendments to IAS 1 which were incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2019. The amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

- Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. Earlier application is permitted. The Company does not expect any significant impact from adoption of this standard on its consolidated financial statements.

5. Cash:

	December 31 2019	December 31 2018
	\$	\$
Cash	7,319,439	6,997,065
	7,319,439	6,997,065

6. Sales tax and other receivables:

	December 31 2019	December 31 2018
	\$	\$
Sales tax receivable	29,327	47,819
Receivable from Tacora Resources Inc.	71,527	-
	100,854	47,819

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

7. Marketable securities:

As at December 31, 2019, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
	\$	\$		
GIC	15,000	15,000	March 2019	0.90%
Fortress Global Enterprises unsecured notes	32,884	675,000	December 2021	9.75%
Sherritt International Corporation senior unsecured notes	2,884,541	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	336,260			
BCE Inc. (BCE/TSX)	601,600			
CI Financial Corp. (CIX/TSX)	488,475			
Diversified Royalty Corp. (DIV/TSX)	266,900			
Evertz Technologies Ltd. (ET/TSX)	285,760			
Seaspan Corp. (SSW/US)	830,006			
General Motors Co. (GM/US)	522,575			
GlaxoSmithkline PLC (GSK/US)	609,930			
	6,873,931			

During the year ended December 31, 2019, the Company purchased the Fortress Global Enterprises ("Fortress") notes for \$508,750 plus accrued interest of \$18,360.

As at December 31, 2019, the Sherritt International Corporation ("Sherritt") notes included accrued interest of \$153,941 and the Fortress notes included accrued interest of \$32,816.

As at December 31, 2019, due to the fluctuations in the market value of the "Sherritt" and "Fortress" notes, the Company has recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$3,345,583.

There was no acquisition of shares during the year ended December 31, 2019.

The proceeds of the shares sold during the year ended December 31, 2019 is detailed in the following table:

Hydro One Ltd.	512,050

As at December 31, 2019, due to the fluctuations in the market value of the shares, the Company has recorded in comprehensive income a change in fair value of marketable securities of \$778,988.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

7. Marketable securities (continued):

As at December 31, 2018, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
	\$	\$		
GIC	15,000	15,000	March 2019	0.90%
Sherritt International Corporation senior unsecured notes	5,721,440	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	236,300			
BCE Inc. (BCE/TSX)	539,300			
CI Financial Corp. (CIX/TSX)	388,800			
Diversified Royalty Corp. (DIV/TSX)	240,550			
Evertz Technologies Ltd. (ET/TSX)	259,040			
Hydro One Ltd. (H/TSX)	506,250			
Seaspan Corp. (SSW/US)	480,510			
General Motors Co. (GM/US)	502,252			
GlaxoSmithkline PLC (GSK/US)	521,567			
	9,411,009			

The Sherritt International Corporation ("Sherritt") notes included accrued interest of \$153,941.

As at December 31, 2018, due to the fluctuations in the market value of the "Sherritt" notes, the Company has recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$1,337,100.

The acquisition cost of the shares purchased during 2018 is detailed in the following table:

BCE Inc.	560,000	Hydro One Ltd.	489,715
CI Financial Corp.	506,902	Seaspan Corp.	514,032
Diversified Royalty Corp.	242,165	General Motors Co.	488,435
Evertz Technologies Ltd.	241,908	GlaxoSmithkline PLC	509,702

As at December 31, 2018, due to the fluctuations in the market value of the shares, the Company has recorded in comprehensive income a change in fair value of marketable securities in the amount of \$364,830.

8. Due from Tata Steel:

On March 6, 2011, the Company signed the Taconite Binding Heads of Agreement ("HOA") with Tata Steel Global Minerals Holdings PTE Ltd. ("Tata Steel") in respect of the LabMag Project and the KéMag Project (collectively referred to as the "Taconite Projects"). Under the Binding HOA, Tata Steel has participated in the development of the Company's feasibility study of these projects. In exchange for an option to own a portion of the Taconite Projects, Tata Steel will pay the Company an amount equal to 64% of the costs to complete the feasibility study. If Tata Steel exercises its option, then it will pay the Company 64% of the costs incurred prior to the feasibility study to advance the project(s).

As at December 31, 2019, NML has received \$27,810,000 (December 31, 2018 - \$27,810,000) from Tata Steel on account of the option. As at December 31, 2019, \$24,441,774 has been recorded as a reduction of mineral exploration and evaluation expenditures for which there was no change in the year ended December 31, 2019 (year ended December 31, 2018 - \$58,232 recovery related to expenditures and \$2,022,603 relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable). An additional \$7,212,198 has been recorded as a reduction of general and administrative expenses, with \$Nil recorded during the year ended December 31, 2019 (year ended December 31, 2018 - \$Nil). The amount receivable as at December 31, 2019 of \$3,843,972 (December 31, 2018 - \$3,843,972) was recorded as Due from Tata Steel and an impairment has been recorded for the full amount during the year ended December 31, 2018.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

8. Due from Tata Steel (continued):

During the year ended December 31, 2019, discussions continued between NML and Tata Steel ("Tata") regarding the previously reported amount due from Tata with Tata advising the Company of disagreement with calculations making up the basis for the receivable. Upon review, the Company has not been provided with sufficient certainty to consider the amount due from Tata as collectible and accordingly has written down the full amount of the receivable. These advances are unsecured, non-interest bearing and the Company is currently in discussion with Tata Steel as to exact quantum that is owed and the expected payment date. The Company will continue to pursue collection of the \$3,843,972 as the Company believes it is entitled to this amount.

	Due from Tata Steel \$
Amount due from Tata Steel as at December 31, 2017	1,763,137
Increase in amount owing relating to amounts spent on the Taconite project	58,232
Increase in amount owing relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable	2,022,603
Amount due from Tata Steel as at December 31, 2018 before provision for impairment	3,843,972
Write-down of the amount owing as at December 31, 2018	(3,843,972)
Balance Due from Tata Steel as at December 31, 2018 (after provision of impairment)	-
Balance Due from Tata Steel as at December 31, 2019 (after provision of impairment)	-

9. Tax credits and mining duties receivable:

Revenu Québec ("RQ"), based on its audit of several claims from the Company for mining credits, previously reduced the Company's claimed credits by \$4,840,000 mainly for work on the Taconite Project Feasibility Study ("Study"). The Company thus filed an appeal with the Quebec Court. As this issue has been outstanding for several years and while management continues to negotiate a settlement with RQ, the Company is unable to predict the outcome of such negotiations and, accordingly, has written down the amount receivable based on a considered estimate of the outcome of the ongoing discussions with RQ as reviewed by legal counsel. As these tax credits and mining duties relate to the amount due from Tata Steel (Note 8), they are applied to Tata's 64% share of the Study therefore increasing the amount receivable from Tata Steel.

Changes to the tax credits and mining duties receivable are as follows:

	Tax credit relating to resources receivable \$
Amount receivable as at December 31, 2017	4,843,790
Reallocation of a 2014 R&D tax credit payable to trade and other payables	33,893
Tax credit relating to resources received	(3,930)
Amount receivable as at December 31, 2018 before provision for impairment	4,873,753
Write-down of the amount receivable as at December 31, 2018	(4,445,369)
Amount receivable as at December 31, 2018 (after provision of impairment)	428,384
Tax credit relating to resources received	(428,384)
Amount receivable as at December 31, 2019	-

10. Other assets:

On July 13, 2012, the Company entered into a contract with the Sept-Îles Port Authority ("PSI") providing NML with access to a new multi-user deep-water dock facility ("multi-user dock"). As part of the contract, NML has a minimum annual shipping capacity of 15 million tonnes a year for 20 years, with options to renew for four more five-year terms. NML's buy-in for this contract was calculated at \$38,372,000, which was paid, and the total amount was initially recorded in these consolidated financial statements as other assets. This buy-in constitutes an advance by the Company on future shipping fees.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

10. Other assets (continued):

After discussions between the Company and PSI in 2016 and 2017, a new agreement has been signed whereby the Company has 15 million tonnes of reserved capacity at the multi-user deep-water dock facility and \$38,372,000 of buy-in-payment that can be applied against future shipments or take or pay obligations. Accordingly, in view of the low probability of NML shipping prior to having fully applied the previously advanced funds to its take-or-pay obligation, NML has taken as at December 31, 2017, an impairment on this asset in the amount of \$38,502,545.

During the year ended December 31, 2018, the Company entered into an agreement with an arm's length party, Tacora Resources Inc. ("Tacora"), where the Company sold 6.5 million tonnes of the Company's multi-user wharf capacity to Tacora in exchange for \$4 million upfront and \$0.10 per ton shipped by Tacora through the Port. Due to the delay in closing the transaction on Tacora's end, the Company charged Tacora additional amounts totalling \$384,245. The Company received all these amounts during the year. As this agreement was a direct result of the Company's agreement with the Port and relates to the "Other assets" written down in prior year, they are considered as a reversal of the impairment taken in prior year on the statement of loss and comprehensive loss.

In future, any sale of the Company's multi-user wharf capacity will be recorded as a reversal of impairment.

11. Long-term investment:

As at December 31, 2017 the Company had an ownership interest in TSMC of 4.32% with a cost base of \$10,148,595 that originated as follows:

- * An initial acquisition of 19 Class B shares of TSMC at a cost of \$19 and an additional Class B share that was received as part of the transfer of the DSO properties, valued at \$31,542,586.
- * As a result, the Company owns 20 Class B shares with an original cost of \$31,542,605.
- * In 2015, a loan receivable from TSMC of \$5,404,579 was converted into equity and in 2016 the Company took an impairment on the investment of 26,798,589.

As at January 1, 2018, the Company adopted the new standard IFRS 9. The basis of recognition changed from cost to the fair value. The Company determined the fair value of its investment in TSMC to be \$8,436,000 resulting in a reduction of \$1,712,595.

As at December 31, 2018, the Company determined the fair value of its investment in TSMC to be \$9,585,000, resulting in an increase of \$1,149,000 for the year then ended.

As at December 31, 2019, the Company determined the fair value of its investment in TSMC to be \$3,463,000, resulting in a decrease of \$6,122,000 for the year then ended.

12. Trade and other payables:

Trade and other payables recognized in the consolidated statements of financial position can be analyzed as follows:

	December 31 2019	December 31 2018
	\$	\$
Current		
Trade accounts payable	171,218	32,952
Accrued liabilities	129,490	166,148
	300,708	199,100
	December 31 2019	December 31 2018
	\$	\$
Non-current		
Trade accounts payable to TSMC	716,527	716,527
	716,527	716,527

The trade accounts payable and accrued liabilities to TSMC relate to services that TSMC provided for the Taconite Feasibility Study. These amounts are non-interest bearing and are not expected to be paid prior to January 1, 2021.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

13. Share capital and share-based compensation:

(a) Authorized:

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

(b) Issued and outstanding:

	Number	Amount \$
Balance as at December 31, 2018	181,054,146	177,584,512
Issued	-	-
Balance as at December 31, 2019	181,054,146	177,584,512

	Number	Amount \$
Balance as at December 31, 2017	181,054,146	177,584,512
Issued	-	-
Balance as at December 31, 2018	181,054,146	177,584,512

(c) Share option plan:

The Company has adopted an incentive share-based compensation plan whereby options may be granted from time to time to directors, officers, employees and consultants of the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares. The exercise price of each option cannot be less than the exercise price permitted by the any stock exchange on which the Company's common shares are listed. The vesting period is determined by the Board of Directors and the maximum term of the options granted is five years.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

	December 31 2019		December 31 2018	
	Number of outstanding share options	Weighted average exercise price \$	Number of outstanding share options	Weighted average exercise price \$
Outstanding at beginning	995,000	0.44	2,133,000	0.67
Expired	(995,000)	0.44	(1,024,000)	0.89
Forfeited	-	-	(114,000)	0.64
Outstanding at end	-	-	995,000	0.44
Exercisable at end	-	-	995,000	0.44

There was no share-based compensation expense during the year ended December 31, 2019 (\$Nil for December 31, 2018) to be included in general and administrative expenses.

No options were granted or exercised during the year ended December 31, 2019 (Nil for December 31, 2018).

There were no outstanding share options as at December 31, 2019:

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

13. Share capital and share-based compensation (continued):

(c) Share option plan (continued):

The following table provides outstanding options information as at December 31, 2018:

Expiry date	Number of granted share options	Number of exercisable share options	Share options outstanding	
			Exercise price	Remaining life
			\$	(years)
May 21, 2019	970,000	970,000	0.44	0.4
September 2, 2019	25,000	25,000	0.31	0.7
	995,000	995,000	0.44	0.4

For the year ended December 31, 2019, the share-based compensation recognized in the statement of comprehensive loss is \$Nil (\$Nil for the year ended December 31, 2018).

14. Mineral exploration and evaluation expenditures:

Mineral exploration and evaluation expenditures by properties are detailed as follows:

					December 31 2019
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	17,760	-	-	-	17,760
Lac Ritchie	12,015	-	-	-	12,015
Sheps Lake	11,300	-	-	-	11,300
Irony Mountain	2,000	-	-	-	2,000
Wishart Creek	4,500	-	-	-	4,500
Perault Lake	12,200	-	-	-	12,200
	59,775	-	-	-	59,775

					December 31 2018
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	8,088	-	-	-	8,088
NuTac	-	-	(239,152)	-	(239,152)
Lac Ritchie	1,058	-	-	-	1,058
T-Kemag	-	-	-	(2,080,835)	(2,080,835)
LabMag	-	1,109	-	-	1,109
T-LabMag	-	(7,220)	-	-	(7,220)
	9,146	(6,111)	(239,152)	(2,080,835)	(2,316,952)

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

14. Mineral exploration and evaluation expenditures (continued):

Exploration and evaluation expenditures by nature are detailed as follows:

	December 31 2019	December 31 2018
	\$	\$
Mineral exploration and evaluation expenditures:		
Mineral licenses	59,775	9,146
Resources evaluation recovered	-	(6,111)
Tax credits and mining duties	-	(239,152)
Tata Steel offset (Note 8)	-	(2,080,835)
	59,775	(2,316,952)

15. General and administrative expenses by nature:

General and administrative expenses recognized in the net loss of the year is as follows:

	December 31 2019	December 31 2018
	\$	\$
Selling and administrative expenses:		
Salaries and employee benefit recovery	-	(1,203)
Directors' fees	299,373	144,269
Management and consulting fees	524,500	430,778
Professional fees	106,168	278,418
Market development	12,406	11,012
Travel and meals	40,414	6,307
Registration, listing fees and shareholders information	60,274	52,508
Office and general	56,163	50,985
Rental costs	52,347	52,447
Exchange gain (loss)	1,549	(342)
	1,153,194	1,025,179

16. Income taxes:

(a) Relationship between expected tax expense and accounting profit or loss:

The effective income tax rate of the Company differs from the combined federal and provincial income tax rate in Canada. This difference results from the following items:

	December 31 2019	December 31 2018
	\$	\$
Income (loss) before income taxes	(5,359,569)	299,883
Expected tax expense calculated using the combined federal and provincial income tax rate in Canada	26.60%	26.70%
Expected income tax expense (recovery)	(1,425,645)	80,069
Effect of permanent differences	(5,780)	(343,108)
Write-down of tax credits and mining duties receivable	(14,148)	1,186,914
Write-down of due from Tata Steel	-	1,026,341
Impairment (reversal of impairment) of other assets	-	(1,068,000)
Change in fair value of marketable securities and long-term investment	710,620	(560,526)
Tax effect of non-taxable dividends	(48,901)	(31,952)
Change in deferred tax assets not recognized	783,854	(289,738)
Deferred tax expense (recovery)	-	-

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

16. Income taxes (continued):

(b) Composition of deferred tax expense (recovery) in the statement of comprehensive loss:

	December 31 2019	December 31 2018
	\$	\$
Origination and reversal of temporary differences	(1,246,591)	287,785
Changes in unrecognized deductible temporary differences	1,246,591	(287,785)
Adjustment in respect of prior years and change in tax rate	-	-
Deferred tax expense (recovery)	-	-

The Canadian federal corporate tax rate and the Quebec provincial tax rate are 15.0% and 11.6% for a combined tax rate of 26.6%. (2018 - 15% and 11.7% for a combined tax rate of 26.7%). The statutory tax rate declined due to a reduction in the Quebec provincial tax rate on January 1, 2019.

(c) Movement in recognized deferred tax assets and liabilities during the year:

	December 31 2018	Recognized in profit or loss	Recognized in equity	December 31 2019
	\$	\$	\$	\$
Non-capital loss carry-forward	-	-	-	-
Mining tax credits	-	-	-	-
	-	-	-	-

	December 31 2017	Recognized in profit or loss	Recognized in equity	December 31 2018
	\$	\$	\$	\$
Non-capital loss carry-forward	-	-	-	-
Mining tax credits	-	-	-	-
	-	-	-	-

(d) Unrecognized deductible temporary differences:

Unrecognized deductible differences for which the Company has not recognized a deferred tax asset are presented in the following tables. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize benefits therefrom.

	December 31 2019	December 31 2018
		\$
Limited partnership losses through LLP	2,832,000	2,832,000
Property and equipment	1,353,000	1,010,000
Capital losses	1,543,000	1,566,000
Non-capital losses	40,587,000	40,287,000
Mineral exploration and evaluation expenditures	66,064,000	66,005,000
Marketable securities	4,014,000	1,425,000
Investment in TSMC	7,381,000	1,259,000
Other assets	34,503,000	34,503,000
	158,277,000	148,887,000

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

16. Income taxes (continued):

(e) Non-capital losses:

The Company has the following non-capital losses which are available to reduce income taxes in future periods, for which no deferred tax asset has been recognized in the consolidated statement of financial position, that can be carried over the following years:

	\$
2027	663,000
2028	7,696,000
2029	3,242,000
2030	4,553,000
2032	241,000
2033	5,969,000
2034	5,854,000
2035	6,268,000
2036	4,922,000
2037	987,000
2039	192,000
	40,587,000

The Company has a total of \$4,962,000 of Federal ITC's that can be carried forward for 20 years and are expiring from 2028 to 2035.

17. Supplemental cash flow information:

The Company entered into the following transactions which had no impact on the cash flows:

	December 31 2019	December 31 2018
	\$	\$
Non-cash operating activities:		
Reclassification from non-current liabilities to current liabilities	88,441	-
Reclassification from non-current asset to current liabilities	-	33,893

18. Related party transactions:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	December 31 2019	December 31 2018
	\$	\$
Management and consulting fees *	161,600	222,895
Salaries and director's fees	299,373	144,269
	460,973	367,164

* As at December 31, 2019, trade and other payables include an amount of \$7,000 (\$Nil as at December 31, 2018) due to a company controlled by the CFO and include an amount of \$3,600 due to a company controlled by a director (\$Nil as at December 31, 2018). In addition, as at December 31, 2019, there were no trade and other payables due to the former CEO (\$9,000 as at December 31, 2018).

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

For the year ended December 31, 2019, there was no consulting fees charged by a company in which a former executive officer is a partner (\$16,633 for the year ended December 31, 2018). There were no trade and other payables due to this related party as at December 31, 2019 (\$Nil as at December 31, 2018).

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

18. Related party transactions (continued):

For the year ended December 31, 2019, there was no consulting fees charged by a company in which an executive officer is a partner (\$14,220 for the year ended December 31, 2018). As at December 31, 2019, There were no trade and other payables due to this related party (\$14,220 as at December 31, 2018).

For the year ended December 31, 2019, there was rental fees for a total of \$30,847 (\$30,847 for the year ended December 31, 2018) charged by TSMC in which NML is a minority shareholder. As at December 31, 2019, trade and other payables include an amount of \$731,951 due to this related party (\$725,393 as at December 31, 2018).

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

19. Financial assets and liabilities:

Classification of financial assets and liabilities.

The carrying amounts of the financial instruments presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	December 31 2019	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	3,941,506	3,941,506
Long-term investment	3,463,000	3,463,000
	7,404,506	7,404,506
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	2,932,425	2,932,425
	2,932,425	2,932,425
Financial assets		
Amortized cost		
Cash	7,319,439	7,319,439
Other receivables	71,527	71,527
	7,390,966	7,390,966
Financial liabilities		
Amortized cost		
Trade and other payables	911,382	911,382
	911,382	911,382

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

19. Financial assets and liabilities (continued):

	December 31 2018	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	3,674,569	3,674,569
Long-term investment	9,585,000	9,585,000
	9,585,000	9,585,000
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	5,736,440	5,736,440
	5,736,440	5,736,440
Financial assets		
Loans and receivables		
Cash	6,997,065	6,997,065
Other receivables (excluding sales tax receivable)	-	-
	6,997,065	6,997,065
Financial liabilities		
Amortized cost		
Trade and other payables	915,627	915,627
	915,627	915,627

The fair values of the marketable securities are \$6,873,931 as at December 31, 2019 (\$9,411,009 as at December 2018) and are determined by using the closing price for December 31, 2019 and December 31, 2018.

The following table presents the fair value hierarchy for the financial assets and liabilities measured at fair value in the consolidated statement of financial position and the financial instruments measured at amortized cost for which the fair value is disclosed in the consolidated financial statements. This hierarchy groups assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement and are grouped into the fair value hierarchy as follows:

	December 31 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	3,941,506	-	-
Fair value through other comprehensive income (FVTOCI)	-	2,932,425	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	3,463,000
	3,941,506	2,932,425	3,463,000

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

19. Financial assets and liabilities (continued):

	December 31 2018		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	3,674,569	-	-
Fair value through other comprehensive income (FVTOCI)	-	5,736,440	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	9,585,000
	3,674,569	5,736,440	9,585,000

The fair value of financial assets and liabilities not traded in active markets that are based on unobservable inputs are classified as Level 3. A fair value measurement developed using a present value technique might be categorized within Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorized. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy. The Company's Level 3 long-term investment in TSMC represents a 4.32% interest in that company. The main inputs for the Company's internally developed valuation for its long-term investment include:

- Future funding requirements of TSMC and resulting dilution of NML's ownership interest in TSMC;
- Cost of capital that is used to reflect the current market required rate of return;
- Management's current view of future iron ore prices;
- The amount and timing of payment of dividends by TSMC;
- US dollar exchange rate; and
- Internal and external factors that may affect production and logistics, such as production volume levels and cost to produce.

The valuation technique makes the maximum use of market inputs and relies as little as possible on entity-specific inputs. The valuation technique appropriately considers the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset and the level of the fair value hierarchy within which the inputs are categorized. Some of the inputs to the valuation model may not be market observable. Accordingly, the fair value determination of the long-term investment follows a level 3 valuation methodology.

The Company uses a present value technique to estimate the fair value of the long-term investment. The Company uses expected cash flows (i.e., from operations of TSMC) that are not risk-adjusted, and a discount rate adjusted to include the risk premium that market participants require. The discount rate used for this technique is derived from observed rates of return for comparable assets that are traded in the market plus equity risk premiums appropriate for this investment. Accordingly, the potential dividend payments for TSMC are discounted at an observed or estimated market rate. Under the valuation method used by the Company, the expected dividends from TSMC are not adjusted for market risk. Rather, the adjustment for that risk is included in the discount rate. Thus, the expected dividends are discounted at an expected rate of return of 17.66% (24% as at December 31, 2018), yielding a fair value of approximately \$3,463,000 for the long-term investment as at December 31, 2019 (\$9,585,000 as at December 31, 2018).

The fair value as at December 31, 2019 decreased by \$6,122,000 as compared to the value as at December 31, 2018 based solely on the present value derived from the model as at December 31, 2019 versus December 31, 2018 using the projected dividend stream from the information in the TSMC adjusted financial model.

The aggregate fair value of the long-term investment decreases by approximately \$335,000 (\$591,000 as at December 31, 2018) for every 1% increment in the discount rate and increases by approximately \$378,000 (\$640,000 as at December 31, 2018) for every 1% decrement in the discount rate.

The income approach (i.e., a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the long-term investment as an asset) was used to determine the fair value of the long-term investment. The market approach (i.e., using prices and other relevant information generated by market transactions involving identical long-term investments) and the cost approach (i.e., the amount that would be required currently to acquire a 4.32% interest in TSMC) could not be used to determine the fair value of the long-term investment. The output of a model is always an approximation of a value that cannot be determined with certainty. Accordingly, the valuation technique employed may not fully reflect all factors relevant to the TSMC long-term investment owned by the Company.

There was no transfer from one level to another for marketable securities during the year ended December 31, 2019 while there was a transfer from cost to Level 3 for the long-term investment during the year ended December 31, 2018.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

20. Capital management policies and procedures:

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 13 and in the consolidated statement of changes in equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risk characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirements.

21. Financial risk management, objectives and policies:

In the normal course of operations, the Company is exposed to and manages various financial risks in relation to financial instruments. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risks and policies are as follows:

(a) Exchange risk:

The Company's functional currency is the Canadian dollar and most expenditures are transacted in Canadian dollars. The Company funds foreign currency transactions by buying the foreign currency at the spot rate when required.

As at December 31, 2019 and 2018, the Company is exposed to currency risk through fluctuations in the foreign exchange rate with respect to the following financial asset:

	December 31 2019	December 31 2018
	\$	\$
Financial instruments denominated in USD		
Cash	42,970	8,789
Marketable securities	1,511,950	750,050
Net exposure	1,554,920	758,839

Based on the above net exposure as at December 31, 2019 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against USD would result in a change of \$155,492 (\$75,884 in 2018) in the Company's comprehensive loss and changes in equity.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(b) Interest rate risk:

The GIC's, Sherritt and Fortress Global Enterprises notes bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The investments in the GIC's mitigate the risk because they have relatively short maturities and are backed by Canadian Federal and Provincial Governments or their Crown Corporations.

The sensitivity analysis is based on the Company's financial assets which bear interest at fixed or variable rates. A 0.1% increase or decrease in interest rates would not have a material impact on comprehensive income or equity at December 31, 2019. The Company does not use derivative financial instruments to reduce its interest rate exposure.

There was no change in the risk exposures or objective, policies and processes from the previous year.

(c) Liquidity risk:

Management maintains sufficient amounts of cash to meet the Company's commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of trade and other payables are less than three months for all periods presented except for the amount due to TSMC (Note 12) which should be settled after the year ended December 31, 2020.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

21. Financial risk management, objectives and policies (continued):

(c) Liquidity risk (continued):

Over the past years, the Company has financed its working capital requirements and its exploration expenses commitments through existing cash resources, equity financings, and previous payments from Tata Steel on account of its option on the Taconite Projects.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(d) Credit risk:

Cash and marketable securities are held through two Canadian chartered banks and their subsidiaries and an independent investment dealer with high quality external credit ratings.

The Company is also exposed to credit risk relating to its Sherritt and Fortress notes and other receivables. This credit risk is minimized by reviews of the third parties' credit worthiness. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets after deducting applicable allowances for loss recognized at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of sufficient credit quality.

Credit risk of other receivables and cash is considered negligible, since the counterparty which holds the cash is a reputable bank with excellent external credit rating and the amount of other receivables is guaranteed.

None of the Company's financial assets are secured by collateral or other credit enhancements.

There was no change in the risk exposures or objective, policies and processes from the previous year.

(e) Market risk:

The Company manages market risk by continually monitoring the ratings of its investees and overall market conditions.

The Company is exposed to the risk of changes in the fair value of its investments in Sherritt, shares of listed companies on the TSX and investment in TSMC resulting from changes in their operations, results, and overall market ratings.

There was no change in the risk exposures or objectives, policies and processes from the previous year.

Based on the fair value of the investment in TSMC as at December 31, 2019 and assuming all other variables remain constant, a 10% depreciation or appreciation of the fair value would result in a change of fair value of \$346,300 in the Company's comprehensive loss and changes in equity.

22. Commitments and contingency:

22.1 Commitments:

(i) The Company is committed through LabMag Limited Partnership ("LLP") to pay aggregate royalties of 2% of gross revenue from mineral interests subject to the LLP Limited Partnership agreement.

(ii) The Company is liable to pay NNK Trust a proportion of dividends received from TSMC that relates to the mining during that year on DSO properties that the Company purchased from NNK Trust and subsequently sold to TSMC, as part of the sale described in Note 11.

As at December 31, 2019, the Company has a 4.32% (4.32% as at December 31, 2018) ownership interest in TSMC and in order to maintain this ownership level it will be required to contribute 4.32% of all funding requests to shareholders as approved by the Board of Directors of TSMC, in respect of those amounts required to be contributed by TSMC shareholders to fund amounts in excess of TSMC's first \$1,342,782,000 of funding requirements. As at December 31, 2019, there are no outstanding funding requests made to the Company by TSMC.

NEW MILLENNIUM IRON CORP.

Notes to Consolidated Financial Statements (continued)

Years ended December 31, 2019 and 2018

(in Canadian dollars)

22. Commitments and contingency (continued):

22.1 Commitments (continued):

- (iii) In relation to the NML's agreement with the Sept-Îles Port Authority ("Port") relating to the new multi-user deep-water dock facility, the Company has a take-or-pay obligation based on a discounted rate applied on 50% of the 15 million tonnes minimum annual shipping capacity until 2032 and is payable even if NML does not use the facilities. The Company has reached an agreement with the Port whereby its \$38,372,000 buy in payment and 15 million tonnes reserved annual capacity can be applied to meet its take-or-pay obligation such that by the end of the take-or-pay period in 2032 the Company will not be required to make any additional cash outlay, however, at that time NML will no longer have a right to its buy-in-payment or reserved annual capacity.

On November 19, 2018, NML closed a transaction under which 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by NML in a July 2012 contract with the Port, along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract were sold to Tacora. Other than the reduction in NML's annual wharf capacity to 8.5 million tonnes, there will be no change to NML's existing arrangements with the Port regarding the rights and shipping rates related to the remaining reserved capacity and the Company will not be required to make any additional cash outlay to meet its take-or-pay obligation.

- (iv) The Company has entered into a short-term lease (rental of office space from TSMC) for premises and equipment amounting to \$31,146, expiring by August 2020 and another lease with unrelated party for \$21,500 expiring by October 2020 fully paid before the year ended.

No sublease payments or contingent rent payments were made or received. The Company's operating lease agreements do not contain any contingent rent clauses. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

The minimum annual lease payments are as follows:

	\$
2020	20,764

22.2 Contingency:

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated. The Company also estimates the aggregate range of reasonably possible losses (RPL) in its legal and regulatory actions (that is, those which are neither probable nor remote), in excess of provisions.

As at December 31, 2019, the Company is being sued by a former consultant in the amount of \$1.5 million. The Company believes that the consultant was appropriately compensated and is contesting this claim.

The RPL is from zero to approximately \$1.5 million plus legal costs. The Company's provisions and RPL represent the Company's best estimates and are based upon currently available information for the current action for which an estimate can be made, but there are several factors that could cause the Company's provision and/or RPL to be significantly different from its actual or RPL. For example, the Company's estimate involves significant judgment due to the stage of the proceeding, the yet-unresolved issues in the proceeding, and the attendant uncertainty of the various potential outcomes of the proceeding.

In management's opinion, based on its current knowledge and after consultation with counsel, the ultimate disposition of this action, will not have a material adverse effect on the consolidated financial condition or the consolidated cash flows of the Company. However, because of the factors listed above, as well as other uncertainties inherent in litigation, there is a possibility that the ultimate resolution of the legal action may be material to the Company's consolidated results of operations for any reporting period.

23. Subsequent event:

Subsequent to the year end, the COVID-19 pandemic is causing significant financial market and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The Company continues to monitor the investment portfolio and assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the Company is uncertain.



NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Financial Statements

(Unaudited and unreviewed by the Company's Independent Auditors)

**Three-month and six-month periods ended
June 30, 2020 and 2019**

NEW MILLENNIUM IRON CORP.
Condensed Interim Consolidated Financial Statements
Three-month and six-month periods ended June 30, 2020 and 2019

Condensed Interim Consolidated Financial Statements

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NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Financial Position

As at June 30, 2020 and 2019

(in Canadian dollars)

	Note	June 30 2020	December 31 2019
		\$	\$
Assets			
Current assets:			
Cash	4	6,826,831	7,319,439
Marketable securities	5	5,207,491	6,873,931
Sales tax and other receivables		101,701	100,854
Prepaid expenses		47,084	30,848
Total current assets		12,183,107	14,325,072
Non-current assets:			
Long-term investment	8	5,495,000	3,463,000
Land		343,371	343,371
Total non-current assets		5,838,371	3,806,371
Total assets		18,021,478	18,131,443
Liabilities and Equity			
Current liabilities:			
Trade and other payables	9	209,351	300,708
Total current liabilities		209,351	300,708
Non-current liabilities:			
Trade and other payables	9	716,527	716,527
Total non-current liabilities		716,527	716,527
Total liabilities		925,878	1,017,235
Equity:			
Share capital	10	177,584,512	177,584,512
Contributed surplus		22,432,336	22,432,336
Deficit		(178,009,848)	(178,741,608)
Accumulated other comprehensive loss		(5,149,751)	(4,399,383)
Total equity attributable to owners of the parent company		16,857,249	16,875,857
Non-controlling interest		238,351	238,351
Total equity		17,095,600	17,114,208
Total liabilities and equity		18,021,478	18,131,443

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on August 5 2020.

(S) Mario Caron
Director

(S) Dean Journeaux
Director

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Income and Comprehensive Income (Loss)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

		Three-month period ended		Six-month period ended	
	Note	June 30 2020	June 30 2019	June 30 2020	June 30 2019
		\$	\$	\$	\$
Expenses:					
General and administrative expenses	12	314,208	296,676	621,573	652,834
Mineral exploration and evaluation	11	-	7,665	274	27,885
Change in fair value of long-term investment	8	(2,445,000)	(40,000)	(2,032,000)	(563,000)
		(2,130,792)	264,341	(1,410,153)	117,719
Other items:					
Investment (reversal) income		(66,559)	269,389	187,010	500,323
Finance expense		(1,155)	(1,264)	(2,654)	(2,581)
Change in fair value of marketable securities	5	160,199	157,221	(987,616)	462,432
Revenue from use of wharf		84,175	-	124,867	-
		176,660	425,346	(678,393)	960,174
Net income		2,307,452	161,005	731,760	842,455
Other comprehensive loss:					
Change in fair value of fixed rate investments	5	(172,268)	(2,897,170)	(750,368)	(2,526,750)
Other comprehensive loss net of tax		(172,268)	(2,897,170)	(750,368)	(2,526,750)
Total comprehensive income (loss)		2,135,184	(2,736,165)	(18,608)	(1,684,295)
Net income attributable to:					
Shareholders of New Millennium Iron Corp.		2,307,452	161,005	731,760	842,455
Non-controlling interest		-	-	-	-
		2,307,452	161,005	731,760	842,455
Other comprehensive loss attributable to:					
Shareholders of New Millennium Iron Corp.		(172,268)	(2,897,170)	(750,368)	(2,526,750)
Non-controlling interest		-	-	-	-
		(172,268)	(2,897,170)	(750,368)	(2,526,750)
Total comprehensive income (loss) attributable to:					
Shareholders of New Millennium Iron Corp.		2,135,184	(2,736,165)	(18,608)	(1,684,295)
Non-controlling interest		-	-	-	-
		2,135,184	(2,736,165)	(18,608)	(1,684,295)
Weighted average number of common shares outstanding		181,054,146	181,054,146	181,054,146	181,054,146
Basic and diluted earnings per share:		0.01	0.00	0.00	0.00

The accompanying notes are an integral part of these consolidated financial statements.

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Changes in Equity

Six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2019		181,054,146	177,584,512	22,432,336	(178,741,608)	(4,399,383)	16,875,857	238,351	17,114,208
Net income and comprehensive loss for the period					731,760	(750,368)	(18,608)	-	(18,608)
Balance as at June 30, 2020		181,054,146	177,584,512	22,432,336	(178,009,848)	(5,149,751)	16,857,249	238,351	17,095,600

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2018		181,054,146	177,584,512	22,432,336	(173,382,039)	(1,053,800)	25,581,009	238,351	25,819,360
Net income and comprehensive loss for the period					842,455	(2,526,750)	(1,684,295)	-	(1,684,295)
Balance as at June 30, 2019		181,054,146	177,584,512	22,432,336	(172,539,584)	(3,580,550)	23,896,714	238,351	24,135,065

The accompanying notes are an integral part of these consolidated financial statements.

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Cash Flows

Six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

		Six-month period ended	
	Note	June 30 2020	June 30 2019
		\$	\$
Operating activities:			
Net income		731,760	842,455
Adjustments for:			
Investment income		(187,010)	(500,323)
Change in fair value of marketable securities	5	987,616	(462,432)
Change in fair value of long-term investment	8	(2,032,000)	(563,000)
Operating activities before changes in working capital items		(499,634)	(683,300)
Change in sales taxes and other receivables		(847)	9,262
Change in prepaid expenses		(16,236)	(16,398)
Change in trade and other payables		(91,358)	111,613
Change in working capital items		(108,441)	104,477
Cash flows used for operating activities		(608,075)	(578,823)
Investing activities:			
Proceeds on disposal of marketable securities		-	512,050
Purchase of marketable securities		-	(508,750)
Net interest received		36,288	386,612
Dividends received		79,179	82,772
Cash flows from investing activities		115,467	472,684
Net change in cash		(492,608)	(106,139)
Cash, beginning of period		7,319,439	6,997,065
Cash, end of period		6,826,831	6,890,926

The accompanying notes are an integral part of these consolidated financial statements.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

1. Reporting entity:

The current principal activities of New Millennium Iron Corp. ("the Parent Company") and its subsidiaries ("the Company", "New Millennium" or "NML") are the exploration, evaluation and development of mineral properties. The Parent Company was incorporated pursuant to the provisions of the *Alberta Business Corporations Act* on August 8, 2003.

New Millennium is a company domiciled in Canada. New Millennium is a public company listed on the Toronto Stock Exchange ("TSX") and its trading symbol is "NML".

The address of the Company's executive office is 1000 Sherbrooke Street West, Suite 1120, Montréal, Québec, H3A 3G4 and its head, registered and records office is 520 3rd Avenue SW, Suite 1900, Calgary, Alberta, T2P 0R3 and its web site is www.nmliron.com.

2. Basis of preparation:

2.1 Statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB") in accordance with IAS 34, Interim Financial Reporting.

2.2 Basis of presentation:

The consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2019.

2.3 Basis of measurement:

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

2.4 Reporting global event:

During the six-month period ended June 30, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy, capital markets and the Company's financial position cannot be reasonably estimated at this time. The Company is monitoring developments and will adapt its business plans accordingly. The actual and threatened spread of COVID-19 globally could adversely impact the Company's ability to carry out its plans and raise capital.

2.5 Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars (\$), which is also the Company's functional currency and the functional currency of each of its subsidiaries.

2.6 Basis of consolidation:

These consolidated financial statements include the accounts of the parent and the entities controlled by the parent and its subsidiaries which include the following entities:

Subsidiary	Principal activity	Jurisdiction of Incorporation	% of Ownership
LabMag Services Inc.	Provision of services to LLP	Canada	100%
LabMag GP Inc. ("GP")	General partner of LLP	Canada	80%
LabMag Limited Partnership ("LLP")	Exploration and evaluation of mineral properties	Canada	80%

In accordance with the LLP Partnership agreement between the Company, the Naskapi/LabMag Trust ("NNK Trust") and GP, the Company is responsible for providing and arranging for all capital in excess of the initial contributions of each partner and for the financing of all operating costs for exploration until commercial production commences.

The parent controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

2. Basis of preparation (continued):

2.6 Basis of consolidation (continued):

All significant intercompany transactions and balances are eliminated upon consolidation, including unrealized gains and losses on transactions between NML entities. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. All subsidiaries have annual reporting dates of December 31.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition or up to the effective date of disposal, as applicable. There were no such activities in the period.

Where the Company controls a subsidiary whose equity (or a portion thereof) is not attributable directly or indirectly to the Company, the Company records a non-controlling interest equal to its original cost plus its' attributable share of changes in equity since the date of acquisition. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the parent Company. Consequently, the Company consolidates 100% of the assets, liabilities and losses of LLP and reflects the contribution of the Partner holding the 20% interest in the Partnership as a non-controlling interest.

2.7 Use of estimates and judgements:

The preparation of the consolidated financial statements requires management to undertake several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 2 of the Company's 2019 annual financial statements and are still applicable for the six-month period ended June 30, 2020.

3. Significant accounting policies:

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended December 31, 2019.

3.1 Adoption of new accounting standards:

The following new standard has been applied in preparing the condensed interim financial statements as at June 30, 2020.

(i) IAS 1 Presentation of Financial Statements (Amendment):

On January 1, 2020, the Company adopted IAS 1 Presentation of Financial Statements (Amendment). Issued by the IASB in October 2018, the amendments clarify the definition of material and how it should be applied, as well as align the definition of material across IFRS standards and other publications. The amended definition of material states:

- Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are effective for annual periods beginning on or after January 1, 2020 and are required to be applied prospectively. Earlier application is permitted. The adoption of this new amendments did not have significant impact on the Company's financial statements.

3.2 New standards and interpretations that have not yet been adopted:

Since the issuance of the Company's audited consolidated financial statements for the year ended December 31, 2019, the IASB and IFRIC have issued no additional new and revised standards and interpretations which are applicable to the Company.

4. Cash:

	June 30 2020	December 31 2019
	\$	\$
Cash	6,826,831	7,319,439
	6,826,831	7,319,439

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

5. Marketable securities:

As at June 30, 2020, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
	\$	\$		
GIC	15,000	15,000	March 2019	0.90%
Fortress Global Enterprises unsecured notes ⁽¹⁾	-	675,000	December 2021	9.75%
Sherritt International Corporation senior unsecured notes ⁽²⁾	2,238,600	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	266,050			
BCE Inc. (BCE/TSX)	566,200			
CI Financial Corp. (CIX/TSX)	388,575			
Diversified Royalty Corp. (DIV/TSX)	157,250			
Evertz Technologies Ltd. (ET/TSX)	179,520			
Atlas Corp. (formerly Seaspan Corp) (SSW/US) ⁽³⁾	464,436			
General Motors Co. (GM/US)	377,931			
GlaxoSmithkline PLC (GSK/US)	553,929			
	5,207,491			

(1) The interest due from Fortress Global Enterprises ("Fortress") on December 31, 2019 has not been received as Fortress is subject to creditor protection under the Companies' Creditors Arrangement Act ("CCAA") in order to restructure their affairs.

(2) The interest due from Sherritt International Corporation ("Sherritt") on March 24, 2020, April 11, 2020 and May 15, 2020 has been withheld until the conclusion of debt plan arrangement.

(3) In February 2020, Atlas Corp. and Seaspan Corporation completed the closing of Seaspan's holding company reorganization to create a new holding company, Atlas Corp.

During the six-month period ended June 30, 2020, the Company did not purchase or sell any securities.

As at June 30, 2020, the Sherritt notes included accrued interest of \$258,300 and the Fortress notes included accrued interest of \$Nil.

As at June 30, 2020, due to the fluctuations in the market value of the "Sherritt" and "Fortress" notes, the Company recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$750,368.

As at June 30, 2020, due to the fluctuations in the market value of the shares, the Company recorded in net loss a change in fair value of marketable securities in the amount of \$987,616.

As at December 31, 2019, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
	\$	\$		
GIC	15,000	15,000	March 2019	0.90%
Fortress Global Enterprises unsecured notes	32,884	675,000	December 2021	9.75%
Sherritt International Corporation senior unsecured notes	2,884,541	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	336,260			
BCE Inc. (BCE/TSX)	601,600			
CI Financial Corp. (CIX/TSX)	488,475			
Diversified Royalty Corp. (DIV/TSX)	266,900			
Evertz Technologies Ltd. (ET/TSX)	285,760			
Seaspan Corp. (SSW/US)	830,006			
General Motors Co. (GM/US)	522,575			
GlaxoSmithkline PLC (GSK/US)	609,930			
	6,873,931			

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Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

5. Marketable securities (continued):

During the year ended December 31, 2019, the Company purchased the Fortress Global Enterprises ("Fortress") notes for \$508,750 plus accrued interest of \$18,360.

As at December 31, 2019, the Sherritt International Corporation ("Sherritt") notes included accrued interest of \$153,941 and the Fortress notes included accrued interest of \$32,816.

As at December 31, 2019, due to the fluctuations in the market value of the "Sherritt" and "Fortress" notes, the Company has recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$3,345,583.

There was no acquisition of shares during the year ended December 31, 2019.

The proceeds of the shares sold during the year ended December 31, 2019 is detailed in the following table:

Hydro One Ltd.	512,050

As at December 31, 2019, due to the fluctuations in the market value of the shares, the Company has recorded in comprehensive income a change in fair value of marketable securities of \$778,988.

6. Due from Tata Steel:

On March 6, 2011, the Company signed the Taconite Binding Heads of Agreement ("HOA") with Tata Steel Global Minerals Holdings PTE Ltd. ("Tata Steel") in respect of the LabMag Project and the KéMag Project (collectively referred to as the "Taconite Projects"). Under the Binding HOA, Tata Steel has participated in the development of the Company's feasibility study of these projects. In exchange for an option to own a portion of the Taconite Projects, Tata Steel will pay the Company an amount equal to 64% of the costs to complete the feasibility study. If Tata Steel exercises its option, then it will pay the Company 64% of the costs incurred prior to the feasibility study to advance the project(s).

As at December 31, 2019, NML has received \$27,810,000 (December 31, 2018 - \$27,810,000) from Tata Steel on account of the option. As at December 31, 2019, \$24,441,774 has been recorded as a reduction of mineral exploration and evaluation expenditures for which there was no change in the year ended December 31, 2019 (year ended December 31, 2018 - \$58,232 recovery related to expenditures and \$2,022,603 relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable). An additional \$7,212,198 has been recorded as a reduction of general and administrative expenses, with \$Nil recorded during the year ended December 31, 2019 (year ended December 31, 2018 - \$Nil). The amount receivable as at December 31, 2019 of \$3,843,972 (December 31, 2018 - \$3,843,972) was recorded as Due from Tata Steel and an impairment has been recorded for the full amount during the year ended December 31, 2018.

During the year ended December 31, 2019, discussions continued between NML and Tata Steel ("Tata") regarding the previously reported amount due from Tata with Tata advising the Company of disagreement with calculations making up the basis for the receivable. Upon review, the Company has not been provided with sufficient certainty to consider the amount due from Tata as collectible and accordingly has written down the full amount of the receivable. These advances are unsecured, non-interest bearing and the Company is currently in discussion with Tata Steel as to exact quantum that is owed and the expected payment date. The Company will continue to pursue collection of the \$3,843,972 as the Company believes it is entitled to this amount.

	Due from Tata Steel \$
Amount due from Tata Steel as at December 31, 2017	1,763,137
Increase in amount owing relating to amounts spent on the Taconite project	58,232
Increase in amount owing relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable	2,022,603
Amount due from Tata Steel as at December 31, 2018 before provision for impairment	3,843,972
Write-down of the amount owing as at December 31, 2018	(3,843,972)
Balance Due from Tata Steel as at December 31, 2018 (after provision of impairment)	-
Balance Due from Tata Steel as at December 31, 2019 (after provision of impairment)	-

7. Other assets:

On July 13, 2012, the Company entered into a contract with the Sept-Îles Port Authority ("PSI") providing NML with access to a new multi-user deep-water dock facility ("multi-user dock"). As part of the contract, NML has a minimum annual shipping capacity of 15 million tonnes a year for 20 years, with options to renew for four more five-year terms. NML's buy-in for this contract was calculated at \$38,372,000, which was paid, and the total amount was initially recorded in these consolidated financial statements as other assets. This buy-in constitutes an advance by the Company on future shipping fees.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

7. Other assets (continued):

After discussions between the Company and PSI in 2016 and 2017, a new agreement has been signed whereby the Company has 15 million tonnes of reserved capacity at the multi-user deep-water dock facility and \$38,372,000 of buy-in-payment that can be applied against future shipments or take or pay obligations. Accordingly, in view of the low probability of NML shipping prior to having fully applied the previously advanced funds to its take-or-pay obligation, NML has taken as at December 31, 2017, an impairment on this asset in the amount of \$38,502,545.

During the year ended December 31, 2018, the Company entered into an agreement with an arm's length party, Tacora Resources Inc. ("Tacora"), where the Company sold 6.5 million tonnes of the Company's multi-user wharf capacity to Tacora in exchange for \$4 million upfront and \$0.10 per ton shipped by Tacora through the Port. Due to the delay in closing the transaction on Tacora's end, the Company charged Tacora additional amounts totalling \$384,245. The Company received all these amounts during the year. As this agreement was a direct result of the Company's agreement with the Port and relates to the "Other assets" written down in prior year, they are considered as a reversal of the impairment taken in prior year on the statement of loss and comprehensive loss.

In future, any sale of the Company's multi-user wharf capacity will be recorded as a reversal of impairment.

8. Long-term investment:

As at December 31, 2017 the Company had an ownership interest in TSMC of 4.32% with a cost base of \$10,148,595 that originated as follows:

- * An initial acquisition of 19 Class B shares of TSMC at a cost of \$19 and an additional Class B share that was received as part of the transfer of the DSO properties, valued at \$31,542,586.
- * As a result, the Company owns 20 Class B shares with an original cost of \$31,542,605.
- * In 2015, a loan receivable from TSMC of \$5,404,579 was converted into equity and in 2016 the Company took an impairment on the investment of \$26,798,589.

As at January 1, 2018, the Company adopted the new standard IFRS 9. The basis of recognition changed from cost to the fair value. The Company determined the fair value of its investment in TSMC to be \$8,436,000 resulting in a reduction of \$1,712,595.

As at December 31, 2018, the Company determined the fair value of its investment in TSMC to be \$9,585,000, resulting in an increase of \$1,149,000 for the year then ended.

As at December 31, 2019, the Company determined the fair value of its investment in TSMC to be \$3,463,000, resulting in a decrease of \$6,122,000 for the year then ended.

As at June 30, 2020, the Company determined the fair value of its investment in TSMC to be \$5,495,000, resulting in an increase of \$2,032,000 for the six-month period then ended.

9. Trade and other payables:

Trade and other payables recognized in the consolidated statements of financial position can be analyzed as follows:

	June 30 2020	December 31 2019
	\$	\$
Current		
Trade accounts payable	45,659	171,218
Accrued liabilities	163,692	129,490
	209,351	300,708
	June 30 2020	December 31 2019
	\$	\$
Non-current		
Trade accounts payable to TSMC	716,527	716,527
	716,527	716,527

The trade accounts payable and accrued liabilities to TSMC relate to services that TSMC provided for the Taconite Feasibility Study. These amounts are non-interest bearing and are not expected to be paid prior to July 1, 2021.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

10. Share capital and share-based compensation:

(a) Authorized:

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

(b) Issued and outstanding:

	Number	Amount
		\$
Balance as at December 31, 2018	181,054,146	177,584,512
Issued	-	-
Balance as at December 31, 2019	181,054,146	177,584,512
		\$
Balance as at December 31, 2019	181,054,146	177,584,512
Issued	-	-
Balance as at June 30, 2020	181,054,146	177,584,512

(c) Share option plan:

The Company has adopted an incentive share-based compensation plan whereby options may be granted from time to time to directors, officers, employees and consultants of the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares. The exercise price of each option cannot be less than the exercise price permitted by the any stock exchange on which the Company's common shares are listed. The vesting period is determined by the Board of Directors and the maximum term of the options granted is five years.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

	June 30 2020		December 31 2019	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	-	-	995,000	0.44
Expired	-	-	(995,000)	0.44
Outstanding at end	-	-	-	-
Exercisable at end	-	-	-	-

There was no share-based compensation expense during the six-month period ended June 30, 2020 (\$Nil for year ended December 31, 2019) to be included in general and administrative expenses.

No options were granted or exercised during the six-month period ended June 30, 2020 (Nil for the year ended December 31, 2019).

There were no outstanding share options as at June 30, 2020 and as at December 31, 2019.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

11. Mineral exploration and evaluation expenditures:

Mineral exploration and evaluation expenditures by properties are detailed as follows:

					Three-month period ended June 30 2020
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	-	-	-	-	-
	-	-	-	-	-
					Three-month period ended June 30 2019
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	3,885	-	-	-	3,885
Lac Ritchie	3,780	-	-	-	3,780
	7,665	-	-	-	7,665
					Six-month period ended June 30 2020
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	274	-	-	-	274
	274	-	-	-	274
					Six-month period ended June 30 2019
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KeMag	15,870	-	-	-	15,870
Lac Ritchie	12,015	-	-	-	12,015
	27,885	-	-	-	27,885

Exploration and evaluation expenditures by nature are detailed as follows:

		Three-month period ended		Six-month period ended	
		June 30 2020	June 30 2019	June 30 2020	June 30 2019
		\$	\$	\$	\$
Mineral exploration and evaluation expenditures:					
Mineral licenses		-	7,665	274	27,885
		-	7,665	274	27,885

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

12. General and administrative expenses by nature:

General and administrative expenses recognized in the net (loss) income is as follows:

	Three-month period ended		Six-month period ended	
	June 30	June 30	June 30	June 30
	2020	2019	2020	2019
	\$	\$	\$	\$
Selling and administrative expenses:				
Directors' fees	76,690	76,921	154,485	149,213
Management and consulting fees	90,115	104,400	206,370	281,415
Professional fees	111,335	50,889	169,313	77,758
Market development	-	192	-	12,332
Travel and meals	-	14,274	2,040	19,106
Registration, listing fees and shareholders information	1,749	21,966	35,332	54,828
Office and general	18,406	14,266	30,461	31,098
Rental costs	12,961	13,111	25,922	26,223
Exchange gain (loss)	2,952	657	(2,350)	861
	314,208	296,676	621,573	652,834

13. Income taxes:

Deferred income taxes arise from temporary differences between accounting values and tax base values of various net capital assets of the Company. In assessing the reliability of future income tax assets, management considers whether it is more likely than not that some portion or all the future income tax assets will not be realized. As at June 30, 2020, the future tax benefits from the future income tax assets, which arose as a result of applying the losses and non-capital losses carried forward to taxable income, have not been recognized in these accounts due to uncertainty regarding their utilization.

14. Related party transactions:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	Three-month period ended		Six-month period ended	
	June 30	June 30	June 30	June 30
	2020	2019	2020	2019
	\$	\$	\$	\$
Management and consulting fees ⁽¹⁾	16,200	24,000	40,600	101,000
Salaries and director's fees	76,690	76,921	154,485	140,835
	92,890	100,921	195,085	241,835

(1) As at June 30, 2020, trade and other payables include an amount of \$1,200 (\$3,600 as at December 31, 2019) due to a company controlled by a director.

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

For the three-month and six-month periods ended June 30, 2020, there was rental fees of \$7,712 and \$15,423 respectively (\$7,712 and \$15,423 for the three-month and six-month periods respectively ended June 30, 2019) charged by TSMC in which NML is a minority shareholder. As at June 30, 2020, trade and other payables include an amount of \$725,393 due to this related party (\$731,951 as at December 31, 2019).

These transactions, entered into the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

15. Financial assets and liabilities:

Classification of financial assets and liabilities.

The carrying amounts of the financial instruments presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	June 30 2020	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	2,953,891	2,953,891
Long-term investment	5,495,000	5,495,000
	8,448,891	8,448,891
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	2,253,600	2,253,600
	2,253,600	2,253,600
Financial assets		
Amortized cost		
Cash	6,826,831	6,826,831
Other receivables	96,781	96,781
	6,826,831	6,826,831
Financial liabilities		
Amortized cost		
Trade and other payables	810,075	810,075
	810,075	810,075
	December 31 2019	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	3,941,506	3,941,506
Long-term investment	3,463,000	3,463,000
	7,404,506	7,404,506
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	2,932,425	2,932,425
	2,932,425	2,932,425
Financial assets		
Amortized cost		
Cash	7,319,439	7,319,439
Other receivables	71,527	71,527
	7,319,439	7,319,439
Financial liabilities		
Amortized cost		
Trade and other payables	911,382	911,382
	911,382	911,382

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

15. Financial assets and liabilities (continued):

The fair values of the marketable securities are \$5,207,491 as at June 30, 2020 (\$6,873,931 as at December 31, 2019) and are determined by using the closing price for June 30, 2020 and December 31, 2019.

The following table presents the fair value hierarchy for the financial assets and liabilities measured at fair value in the consolidated statement of financial position and the financial instruments measured at amortized cost for which the fair value is disclosed in the consolidated financial statements. This hierarchy groups assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement and are grouped into the fair value hierarchy as follows:

	June 30 2020		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	2,953,891	-	-
Fair value through other comprehensive income (FVTOCI)	-	2,253,600	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	5,495,000
	2,953,891	2,253,600	5,495,000
	December 31 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	3,941,506	-	-
Fair value through other comprehensive income (FVTOCI)	-	2,932,425	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	3,463,000
	3,941,506	2,932,425	3,463,000

The fair value of financial assets and liabilities not traded in active markets that are based on unobservable inputs are classified as Level 3. A fair value measurement developed using a present value technique might be categorized within Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorized. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy. The Company's Level 3 long-term investment in TSMC represents a 4.32% interest in that company. The main inputs for the Company's internally developed valuation for its long-term investment include:

- Future funding requirements of TSMC and resulting dilution of NML's ownership interest in TSMC;
- Cost of capital that is used to reflect the current market required rate of return;
- Management's current view of future iron ore prices;
- The amount and timing of payment of dividends by TSMC;
- US dollar exchange rate; and
- Internal and external factors that may affect production and logistics, such as production volume levels and cost to produce.

The valuation technique makes the maximum use of market inputs and relies as little as possible on entity-specific inputs. The valuation technique appropriately considers the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset and the level of the fair value hierarchy within which the inputs are categorized. Some of the inputs to the valuation model may not be market observable. Accordingly, the fair value determination of the long-term investment follows a level 3 valuation methodology.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

15. Financial assets and liabilities (continued):

The Company uses a present value technique to estimate the fair value of the long-term investment. The Company uses expected cash flows (i.e., from operations of TSMC) that are not risk-adjusted, and a discount rate adjusted to include the risk premium that market participants require. The discount rate used for this technique is derived from observed rates of return for comparable assets that are traded in the market plus equity risk premiums appropriate for this investment. Accordingly, the potential dividend payments for TSMC are discounted at an observed or estimated market rate. Under the valuation method used by the Company, the expected dividends from TSMC are not adjusted for market risk. Rather, the adjustment for that risk is included in the discount rate. Thus, the expected dividends are discounted at an expected rate of return of 17.66% (24% as at December 31, 2018), yielding a fair value of approximately \$3,463,000 for the long-term investment as at December 31, 2019 (\$9,585,000 as at December 31, 2018).

The fair value as at December 31, 2019 decreased by \$6,122,000 as compared to the value as at December 31, 2018 based on the present value derived from the model as at December 31, 2019 versus December 31, 2018 using the projected dividend stream from the information in the TSMC adjusted financial model.

The fair value as at June 30, 2020 increased by \$2,032,000 as compared to the value as at December 31, 2019 based mainly on changes in the iron ore pricing outlook, changes in the US dollar exchange rate outlook and on the present value derived from the model as at June 30, 2020 versus December 31, 2019 using the projected dividend stream from the information in the TSMC adjusted financial model.

The aggregate fair value of the long-term investment decreases by approximately \$430,312 (\$335,000 as at December 31, 2019) for every 1% increment in the discount rate and increases by approximately \$477,268 (\$378,000 as at December 31, 2019) for every 1% decrement in the discount rate.

The income approach (i.e., a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the long-term investment as an asset) was used to determine the fair value of the long-term investment. The market approach (i.e., using prices and other relevant information generated by market transactions involving identical long-term investments) and the cost approach (i.e., the amount that would be required currently to acquire a 4.32% interest in TSMC) could not be used to determine the fair value of the long-term investment and is not considered relevant for the purposes of reporting the value of TSMC. The output of a model is always an approximation of a value that cannot be determined with certainty. Accordingly, the valuation technique employed may not fully reflect all factors relevant to the TSMC long-term investment owned by the Company.

There was no transfer from one level to another for marketable securities during the six-month period ended June 30, 2020 and during the year ended December 31, 2019 while there was a transfer from cost to level 3 for the long-term investment during the year ended December 31, 2018.

16. Capital management policies and procedures:

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 10 and in the consolidated statement of changes in equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risk characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirements.

17. Financial risk management, objectives and policies:

In the normal course of operations, the Company is exposed to and manages various financial risks in relation to financial instruments. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risks and policies are as follows:

(a) Exchange risk:

The Company's functional currency is the Canadian dollar and most expenditures are transacted in Canadian dollars. The Company funds foreign currency transactions by buying the foreign currency at the spot rate when required.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

17. Financial risk management, objectives and policies (continued):

(a) Exchange risk (continued):

As at June 30, 2020 and December 31, 2019, the Company is exposed to currency risk through fluctuations in the foreign exchange rate with respect to the following financial asset:

	June 30 2020	December 31 2019
	\$	\$
Financial instruments denominated in USD		
Cash	68,291	42,970
Marketable securities	1,028,200	1,511,950
Net exposure	1,096,491	1,554,920

Based on the above net exposure as at June 30, 2020 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against USD would result in a change of \$109,649 (\$155,492 in 2019) in the Company's comprehensive loss and changes in equity.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(b) Interest rate risk:

The GIC's, Sherritt and Fortress Global Enterprises notes bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The investments in the GIC's mitigate the risk because they have relatively short maturities and are backed by Canadian Federal and Provincial Governments or their Crown Corporations.

The sensitivity analysis is based on the Company's financial assets which bear interest at fixed or variable rates. A 0.1% increase or decrease in interest rates would not have a material impact on comprehensive loss or equity at June 30, 2020. The Company does not use derivative financial instruments to reduce its interest rate exposure.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(c) Liquidity risk:

Management maintains sufficient amounts of cash to meet the Company's commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of trade and other payables are less than three months for all periods presented except for the amount due to TSMC (Note 9) which should be settled after June 30, 2021.

Over the past years, the Company has financed its working capital requirements and its exploration expenses commitments through existing cash resources, equity financings, and previous payments from Tata Steel on account of its option on the Taconite Projects.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(d) Credit risk:

Cash and marketable securities are held through two Canadian chartered banks and their subsidiaries and an independent investment dealer with high quality external credit ratings.

The Company is also exposed to credit risk relating to its Sherritt and Fortress notes and other receivables. This credit risk is minimized by reviews of the third parties' credit worthiness. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets after deducting applicable allowances for loss recognized at the reporting date.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of sufficient credit quality.

Credit risk of other receivables and cash is considered negligible, since the counterparty which holds the cash is a reputable bank with excellent external credit rating and the amount of other receivables is guaranteed.

None of the Company's financial assets are secured by collateral or other credit enhancements.

There was no change in the risk exposures or objective, policies and processes from the previous year.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

17. Financial risk management, objectives and policies (continued):

(e) Market risk (continued):

The Company manages market risk by continually monitoring the ratings of its investees and overall market conditions.

The Company is exposed to the risk of changes in the fair value of its investments in Sherritt, shares of listed companies on the TSX and investment in TSMC resulting from changes in their operations, results, and overall market ratings.

There was no change in the risk exposures or objectives, policies and processes from the previous year.

Based on the fair value of the investment in TSMC as at June 30, 2020 and assuming all other variables remain constant, a 10% depreciation or appreciation of the fair value would result in a change of fair value of \$549,500 in the Company's comprehensive loss and changes in equity.

18. Commitments and contingency:

18.1 Commitments:

- (i) The Company is committed through LabMag Limited Partnership ("LLP") to pay aggregate royalties of 2% of gross revenue from mineral interests subject to the LLP Limited Partnership agreement.
- (ii) The Company is liable to pay NNK Trust a proportion of dividends received from TSMC that relates to the mining during that year on DSO properties that the Company purchased from NNK Trust and subsequently sold to TSMC, as part of the sale described in Note 8.

As at June 30, 2020, the Company has a 4.32% (4.32% as at December 31, 2019) ownership interest in TSMC and in order to maintain this ownership level it will be required to contribute 4.32% of all funding requests to shareholders as approved by the Board of Directors of TSMC, in respect of those amounts required to be contributed by TSMC shareholders to fund amounts in excess of TSMC's first \$1,342,782,000 of funding requirements. As at June 30, 2020, there are no outstanding funding requests made to the Company by TSMC.

- (iii) In relation to the NML's agreement with the Sept-Îles Port Authority ("Port") relating to the new multi-user deep-water dock facility, the Company has a take-or-pay obligation based on a discounted rate applied on 50% of the 15 million tonnes minimum annual shipping capacity until 2032 and is payable even if NML does not use the facilities. The Company has reached an agreement with the Port whereby its \$38,372,000 buy in payment and 15 million tonnes reserved annual capacity can be applied to meet its take-or-pay obligation such that by the end of the take-or-pay period in 2032 the Company will not be required to make any additional cash outlay, however, at that time NML will no longer have a right to its buy-in-payment or reserved annual capacity.

On November 19, 2018, NML closed a transaction under which 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by NML in a July 2012 contract with the Port, along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract were sold to Tacora. Other than the reduction in NML's annual wharf capacity to 8.5 million tonnes, there will be no change to NML's existing arrangements with the Port regarding the rights and shipping rates related to the remaining reserved capacity and the Company will not be required to make any additional cash outlay to meet its take-or-pay obligation.

- (iv) The Company has entered into a short-term lease (rental of office space from TSMC) for premises and equipment amounting to \$31,146, expiring by August 2020 and another lease with unrelated party for \$21,500 expiring by October 2020 fully paid before the year ended.

No sublease payments or contingent rent payments were made or received. The Company's operating lease agreements do not contain any contingent rent clauses. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

The minimum annual lease payments are as follows:

	\$
2020	5,191

18.2 Contingency:

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated. The Company also estimates the aggregate range of reasonably possible losses (RPL) in its legal and regulatory actions (that is, those which are neither probable nor remote), in excess of provisions.

As at June 30, 2020, the Company is being sued by a former consultant in the amount of \$1.5 million. The Company believes that the consultant was appropriately compensated and is contesting this claim.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and six-month periods ended June 30, 2020 and 2019

(in Canadian dollars)

18. Commitments and contingency (continued):

18.2 Contingency (continued):

The RPL is from zero to approximately \$1.5 million plus legal costs. The Company's provisions and RPL represent the Company's best estimates and are based upon currently available information for the current action for which an estimate can be made, but there are several factors that could cause the Company's provision and/or RPL to be significantly different from its actual or RPL. For example, the Company's estimate involves significant judgment due to the stage of the proceeding, the yet-unresolved issues in the proceeding, and the attendant uncertainty of the various potential outcomes of the proceeding.

In management's opinion, based on its current knowledge and after consultation with counsel, the ultimate disposition of this action, will not have a material adverse effect on the consolidated financial condition or the consolidated cash flows of the Company. However, because of the factors listed above, as well as other uncertainties inherent in litigation, there is a possibility that the ultimate resolution of the legal action may be material to the Company's consolidated results of operations for any reporting period.

19. Subsequent event:

On August 5, 2020, the Company entered into an agreement with TS Global Minerals Holdings Pte. Ltd. ("TSGMH"), Tata Steel Minerals Canada Ltd. ("TSMC") and TSMUK LTD ("TSMUK", and together with TSGMH and TSMC, the "Tata Steel Group") to reorganize their relationship (the "Reorganization") pursuant to a reorganization agreement as follows:

- The Company will sell and transfer its 4.32% interest in TSMC to TSMUK, representing its entire interest, or undertake a similar transaction with a similar effect;
- The Company will purchase for cancellation the 47,402,908 common shares of the Company held by TSGMH, representing TSGMH's entire interest, or undertake a similar transaction with a similar effect, following which TSGMH will own no shares of NML;
- The Company will retain its interests in the LabMag and KéMag properties (the "Taconite Properties"), and TSGMH will be granted 1% gross revenue royalty on the Taconite Properties, which may be further reduced to 0.5% gross revenue royalty upon cash payment of an agreed upon amount to TSGMH exercisable at any time upon a 30 calendar days' prior written notice to TSGMH;
- The heads of agreements dated September 24, 2008 and March 6, 2011 between TSGMH, the Company and LabMag Limited Partnership pertaining to the Taconite Properties will each be terminated; and
- Subject to the obligations contained in the Reorganization Agreement, all outstanding payables between the Company, on the one hand, and the Tata Steel Group, on the other hand, will be settled between the parties and the parties will enter into a mutual release.

SCHEDULE B-1

MANAGEMENT DISCUSSION AND ANALYSIS
OF ABAXX TECHNOLOGIES INC. FOR THE
YEAR ENDED DECEMBER 31, 2019 AND THE SIX
MONTHS ENDED JUNE 30, 2020



Management's Discussion & Analysis

For the years ended December 31, 2019 and 2018

1. Introduction

The following Management's Discussion and Analysis ("MD&A") for Abaxx Technologies Inc. (together with its subsidiaries, the "**Company**" or "**Abaxx**") should be read in conjunction with the Company's audited annual consolidated financial statements and the accompanying notes for the years ended December 31, 2019 and 2018. In addition, the following MD&A should be read in conjunction with the Company's "Caution Regarding Forward-Looking Statements" beginning on page 21 of this MD&A.

The Company's audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2019 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The Company's audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2019 and 2018 include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars, except where otherwise noted.

Under IFRS, certain expenses and income must be recognized that are not necessarily reflective of the Company's underlying operating performance. Non-IFRS financial performance measures exclude the impact of certain items and are used internally when analyzing operating performance. Please refer to the "Caution Regarding Non-IFRS Financial Performance Measures" section of this MD&A on page **Error! Bookmark not defined.** for more information. This MD&A contains various terms related to the Company's business and industry.

Abaxx Technologies Inc. was Incorporated on January 25, 2018 under the laws of Canada. The primary office of the Company is located at 18 King Street East, Suite 902, Toronto ON M5C 1C4, Canada.

2. Overall Performance

Abaxx is a technology company engaged in development and deployment of trust enabling Internet protocols. Abaxx is accelerating commerce and reducing exposure to risk in targeted global industries. Abaxx is a software technology company and commenced its current business operations in January 2018. The Company has developed a business strategy comprised of two core components: (i) investing in new internet communication protocols and proprietary financial software architecture in a vision for global commodity market trading; and (ii) commercializing a majority-owned commodity futures exchange and clearing house utilizing Abaxx technology, with foundational products in new liquified natural gas benchmark contracts, and a new market structure vision for precious metals and battery metals markets.

a. Going concern

The consolidated financial statements have been prepared on the basis of the going concern assumption, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at December 31, 2019, the Company had working capital deficit of \$5,298,607 (2018 – working capital of \$1,922,188, had not yet reached profitable operations, has accumulated losses of \$12,239,466 (2018 – \$3,827,068), and expects to incur further losses in the development of its business.

b. COVID 19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID 19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is closely monitoring the business environment as a result to ensure minimal distribution to business operations.

3. Selected Annual Information

	As at December 31, 2019	As at December 31, 2018
Total Revenue	-	-
Loss from continuing operations:		
Total	\$(10,711,939)	\$(4,142,685)
On a per-share	\$(0.24)	\$(0.13)
On a diluted per-share	\$(0.24)	\$(0.13)
Loss attributable to owners of the parent: ⁽¹⁾		
Total	\$(8,412,398)	\$(3,827,068)
On a per-share	\$(0.19)	\$(0.12)
On a diluted per-share	\$(0.19)	\$(0.12)
Total assets	\$5,534,695	\$6,054,637
Total non-current financial assets	\$3,633,710	\$3,836,483
Distributions or cash dividends declared per-share for each class of share.	-	-

Notes:

- (1) For the year ended December 31, 2019, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$12,239,466 (December 31, 2018 – \$3,827,068) and the weighted average number of common shares outstanding of 43,785,827

(December 31, 2018 – 31,300,182). Diluted loss per share did not include the effect of stock options and share purchase warrants as they are anti dilutive.

a. Total Revenue

The Company did not generate any revenue during either reporting period.

b. Loss from continuing operations

For the year ended December 31, 2019, the Company recorded a total loss of \$10,711,939 (December 31, 2018 – \$4,142,685). The Company is a developing technology company and did not generate any revenue during either reported period. The increase in the loss is due primarily to the increase in development expenses for the year ended December 31, 2019 (\$7,049,385) compared to the year ended December 31, 2018 (\$1,334,793). The increase in salary and wages for the year ended December 31, 2019 (\$1,326,858) compared to the year ended December 31, 2018 (\$258,789) was offset by the decrease in share-based compensation for the year ended December 31, 2019 (\$635,485) compared to the year ended December 31, 2018 (\$1,727,280).

c. Loss attributable to shareholders of the Company

For the year ended December 31, 2019, the Company recorded a total loss of \$8,412,398 (December 31, 2018 – \$3,827,068). Compared to the year ended December 31, 2018, loss attributable shareholders of the Company increased due to the increased activity in the business, and the first full year of operations in 2019.

d. Total assets

For the year ended December 31, 2019, the Company had total assets of \$5,534,695 (December 31, 2018 – \$6,054,637). Total non-current financial assets

In September 2018, the Company advanced \$181,888 (\$140,000 USD) to an arms length third party entity, Smart Crowd Holding Limited (“SCHL”), in the form of an unsecured convertible debenture. The facility matures on the earlier of: i) the liquidity event; or ii) the optional conversion date of December 31, 2019. See note 9 to the audited consolidated financial statements for the years ended December 31, 2019.

e. Dividends

There have not been any distributions or cash dividends declared per share on any class of shares in any of the two years disclosed in the table above.

4. Discussion of Operations

a. Total revenue

The Company did not generate any revenue during either reporting period.

b. Gross profit

The Company not yet reached profitable operations. It has accumulated losses of \$12,239,466 (2018 – \$3,827,068), and expects to incur further losses in the development of its business.

c. Description of each project

i) Abaxx Exchange and Clearing (“ACX”)

ACX is development-stage commodity futures exchange and clearinghouse which is currently seeking regulatory licenses to operate from the Monetary Authority of Singapore (MAS). As of the date hereof, Abaxx controls 65% of the issued and outstanding Abaxx Singapore common shares, and a two percent (2%) royalty on gross revenue during the indefinite royalty term (the “**Royalty**”).

ACX has developed foundational products with its liquified natural gas (“**LNG**”) benchmark contracts in consultation with the global energy industry over the past two years. ACX is also currently developing a new gold product suite derived from a new vision for precious metals and battery metal exchange market structure. Abaxx believes that transparent pricing for LNG, facilitating a more seamless transition of coal to gas switching in Asia, is a key marketplace requirement for accelerating this new energy economy and seeks to build a new physical commodity focused exchange around these core markets.

The primary value of ACX is its derivative-execution venue which is designed to be a forum for price discovery, risk transfer, and reduced transaction costs through contract standardization; and a clearinghouse which is designed to mitigate credit and trade performance risk throughout the market by mutualizing wholesale market trading risk against a single central counterparty.

To date, the Company has made the following development investments with respect to ACX:

- Building the Exchange: ACX has licensed the necessary software systems to facilitate global order books and market matching, and has developed the necessary rulebooks and compliance procedures to operate the exchange.
- Building the Clearinghouse: Modern clearinghouses also facilitate these transactions and risk calculations via robust software systems. ACX has licensed the necessary software systems to facilitate global order clearing and risk monitoring, and has developed the necessary rulebooks and compliance procedures, and risks analysis monitoring systems to operate the exchange.
- Write contracts to be traded on exchange: ACX has developed LNG deliverable-futures contracts in consultation with global LNG trading firms; The Company is currently in consultation with global gold trading firms for deliverable-futures for gold and it is currently assessing other physical commodity contracts at a preliminary stage.
- Applied for Regulatory Approvals: ACX is in advanced stages of regulatory applications with the Monetary Authority of Singapore (MAS) for an exchange operator license / Regulated Market Operator (“**RMO**”) and Approved Clearing House (“**ACH**”) license.
- Staff the exchange and clearinghouse: ACX has hired key executive roles with the experience building and operating key markets at some of the largest global exchanges, both in region and globally.
- Financing: ACX has assembled sufficient levels of risk capital to support performance guarantees of the clearing house.

ACX is still under development and seeking final regulatory approvals. It is preparing to onboard customers and futures commission merchants, and does not currently generate revenue. Commencing operations of ACX is dependent upon receiving approval from the Monetary Authority of Singapore ("**MAS**") to operate as a clearing house.

d. commitments, events, risks or uncertainties

i) Royalty Payments

During the year ended December 31, 2019, the Company entered into a Royalty Agreement ("**Royalty**") with its subsidiary Singapore PTE. LTD. ("**Abaxx Singapore**"). The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019 continuing in perpetuity until the obligation is relinquished by the Company;
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of \$25,000,000 USD in a calendar year; and
- There is no interest accrued on royalty payments accrued and not yet paid.

As of December 31, 2019, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the consolidated financial statements.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for \$10,000,000 USD by February 1, 2024.

As of December 31, 2019, the Company has not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

ii) Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas as well as other tradable commodities and applications. ("**Exchange Technology**").

During the year ended December 31, 2019 the Company entered into a Master Licensing Agreement ("**MLA**") with its majority owned affiliate Abaxx Singapore. As a result of this agreement, the Company has assigned exclusive title rights of use as well as the sub license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub licenses the Exchange Technology, in which case as a result of the MLA royalty fees would be as follows:

- An amount equal to 20% of revenues on the first \$2,000,000 USD;
- An amount equal to 10% of revenues on the next \$3,000,000 USD; and
- An amount equal to 5% of revenue on any excess revenue.

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of December 31, 2019, no amounts have been accrued by Abaxx Singapore and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements as an asset due to the intellectual property being still under development, no revenues have been generated and commercial viability of the Exchange Technology has not yet been determined.

e. effect of inflation and specific price changes

As ACX is operated in Singapore, there are varying degrees of political, economic and other risks and uncertainties in a foreign jurisdiction. In particular, the ACX's business objectives may be affected by the local and governing political and economic developments including and not limited to: expropriation of property including intellectual property rights, invalidation of government orders, permits or agreements to operate, political unrest, labour disputes, limitations on repatriation of earnings, limitation on foreign ownership, inability to obtain or delays in obtaining necessary approvals, licenses, permits, or authorizations, government participation, royalties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies.

Natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions as well as conditions in other natural gas producing regions, which are beyond the control of the Company. In addition, the price of oil and gas is typically marketed in United States dollars and as such the Company is exposed to currency exchange fluctuations between the Canadian Dollars and United States dollars.

f. unusual or infrequent events or transactions

i) Proposed Transaction

On September 18, 2020, the Company entered into a binding arrangement agreement with New Millennium Iron Corp. ("New Millennium"), pursuant to which New Millennium shall acquire all of the issued and outstanding common shares of the Company by way of a business combination constituting a "reverse takeover" of the Company by New Millennium under the policies of the TSX Venture Exchange. See Section 11 below.

ii) COVID 19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The duration and impact of the COVID 19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. See Section 2.b above.

5. Summary of Quarterly Results

	December 31, 2019	September 30, 2019	June 30, 2019	March 30, 2019
Total Revenue	-	-	-	-
Total Expenses	4,776,999	2,683,245	1,863,532	1,388,163
Net Loss Before Tax	4,776,999	2,683,245	1,863,532	1,388,163
Basic and Diluted Loss per Share	0.09	0.09	0.05	0.04
	December 31, 2018	September 30, 2018	June 30, 2018	March 30, 2018
Total Revenue	-	-	-	-
Total Expenses	3,346,153	405,075	284,298	107,159
Net Loss Before Tax	3,346,153	405,075	284,298	107,159
Basic and Diluted Loss per Share	0.09	0.01	0.01	0.11

For the three months ended December 31, 2019 compared to the three months ended December 31, 2018 the Company had a decrease in operating expenses of \$1,430,845. This is because, in the last quarter of 2019 the Company implemented a stock option and warrant compensation plan and issued stock and warrant options.

As a result, a share-based compensation expense on stock options and warrants issued of \$1,727,280 was recorded in the three months ended December 31, 2018 compared to \$296,435 causing the majority of the increase in operating expenses in the quarter.

For the first, second and third quarters in fiscal year the Company had an increase in operating expenses of \$5,138,409. The increase in expenses in the 2019 fiscal quarters compared to the 2018 was related to an increase in development and supporting staff salaries expenses of \$4,361,649. This is because in the 2018 quarters, the Company was in the process of establishing the operating and development work in Singapore and Canada. In the 2019 quarters, the Company has been fully operational in development work and as such a large increase in development and salaries is experienced.

6. Liquidity

a. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid short term interest bearing investments. Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is attributable to cash and cash equivalents, convertible note receivable, and government remittances receivable. Cash and cash equivalents are on deposit with a Canadian chartered bank, from which management believes the risk of loss is remote. Other receivables are due from the

Ministry of Revenue from which management believes the risk of loss to be remote. Convertible note receivable is due from an arm's length third party from which management believes the risk of loss to be remote. The Company's maximum exposure to credit risk as at December 31, 2019 is the carrying value of cash and cash equivalents, convertible note receivable, and government remittances receivable.

b. Trends or expected fluctuations

Management is not aware of any trends or expected fluctuations in its liquidity that would create any deficiencies. In addition, management believes that cash flow from continuing operations together with its financing activities be sufficient to meet the Corporation's short-term and long-term requirements for ongoing operations and planned growth.

c. Working capital

As at December 31, 2019, the Company had working capital deficit of \$5,298,607 (December 31, 2018 – working capital surplus of \$1,922,188), had not yet reached profitable operations, has accumulated losses of \$12,239,466 (December 31, 2018 – \$3,827,068), and expects to incur further losses in the development of its business. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

d. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is attributable to cash and cash equivalents, convertible note receivable, and government remittances receivable. Cash and cash equivalents are on deposit with a Canadian chartered bank, from which management believes the risk of loss is remote. Other receivables are due from the Ministry of Revenue from which management believes the risk of loss to be remote. Convertible note receivable is due from an arm's length third party from which management believes the risk of loss to be remote. The Company's maximum exposure to credit risk as at December 31, 2019 is the carrying value of cash and cash equivalents, convertible note receivable, and government remittances receivable.

e. Interest rate risk

The Company has cash and cash equivalents bearing fixed interest rates and no variable interest bearing debt. The Company's has promissory note receivable bearing fixed interest rate and no variable interest bearing component. The Company's current policy is to invest excess cash in investment grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

f. Liquidity risks

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2019, the Company had current assets of \$1,900,985 to settle current liabilities of \$7,199,592. The ability of the Company to continue as a going concern is dependent

on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

g. Market risk

Market risk is the risk of loss that may arise from changes in market forces such as interest rates and foreign exchange rates.

i) Interest rate risk

The Company has cash balances and no variable interest bearing debt. The Company does not have any financial instruments subject to interest rate volatility.

ii) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. Major purchases and investments are transacted in United States dollar. The Company is exposed to foreign currency risk with respect to the cash balance of \$1,612,374 (2018 – \$48,130) which is denominated in United States dollars.

h. Statement of financial position conditions or profit or loss attributable to owners of the parent or cash flow items that may affect your company's liquidity;

There is no other statement of financial position conditions that would adversely affect the Company's liquidity.

i. Ability of subsidiaries to transfer funds

There are no legal or practical restrictions on the flow of funds from one part of the Company's business to another.

7. Capital Resources

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves, non controlling interest, cumulative transaction adjustments, and deficit which at December 31, 2019 totaled \$(1,664,897) (2018 – \$5,758,671).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

a. Royalty Payments

During the year ended December 31, 2019, the Company entered into a Royalty Agreement ("**Royalty**") with its subsidiary Singapore PTE. LTD. ("**Abaxx Singapore**"). The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019 continuing in perpetuity until the obligation is relinquished by the Company;
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of \$25,000,000 USD in a calendar year; and
- There is no interest accrued on royalty payments accrued and not yet paid.

As of December 31, 2019, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the consolidated financial statements.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for \$10,000,000 USD by February 1, 2024.

As of December 31, 2019, the Company has not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

b. Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas as well as other tradable commodities and applications. ("**Exchange Technology**").

During the year ended December 31, 2019 the Company entered into a Master Licensing Agreement ("**MLA**") with its majority owned affiliate Abaxx Singapore. As a result of this agreement, the Company has assigned exclusive title rights of use as well as the sub license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub licenses the Exchange Technology, in which case as a result of the MLA royalty fees would be as follows:

- An amount equal to 20% of revenues on the first \$2,000,000 USD;
- An amount equal to 10% of revenues on the next \$3,000,000 USD; and
- An amount equal to 5% of revenue on any excess revenue.

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of December 31, 2019, no amounts have been accrued by Abaxx Singapore and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements as an asset due to the intellectual property being still under development, no revenues have been generated and commercial viability of the Exchange Technology has not yet been determined.

8. Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements which could have an effect on current or future results or operations, or the financial condition of Abaxx.

9. Transaction Between related Parties

During the years ended December 31, 2019 and 2018, the Company had the following transactions with related parties:

a. Key Management

The Company considers key management to be officers and directors. During the year ended December 31, 2019, \$90,000 (2018 – \$65,500) of fees were paid to key management and companies controlled by or related to key management.

b. Chief Financial Officer

In addition, the Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc ("Marrelli"), a firm providing accounting services. Fees paid to Marrelli for accounting and CFO services amounted to \$37,976 (2018 – \$36,879).

c. Shareholder advance

During the December 31, 2019, a shareholder advanced \$1,970,485 to the Company. The advances bear interest at 8% per annum and have accumulated \$62,172 in interest as at December 31, 2019. The amounts are unsecured and due on demand. See note 17 to the audited consolidated financial statements for the years ended December 31, 2019 and 2018 for changes subsequent to year end.

d. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$18,547 (2018 – \$19,177) owed to key management and companies controlled by or related to key management.

10. Fourth Quarter

See Section 5, above.

11. Proposed Transactions

On September 18, 2020, the Company entered into a binding arrangement agreement with New Millennium Iron Corp. ("New Millennium"), pursuant to which New Millennium shall acquire all of the issued and outstanding common shares of the Company by way of a business combination constituting a "reverse takeover" of the Company by New Millennium under the policies of the TSX Venture Exchange (the "Transaction").

The Transaction shall be completed by way of a business combination, pursuant to which the holders of the issued and outstanding: (i) Abaxx Common Shares, will each receive at a ratio of 1:0.809 common shares (the "Resulting Issuer Common Shares") of the reporting issuer to Abaxx common shares resulting from the Transaction (the "Resulting Issuer") for each one (1) Abaxx Common Shares held immediately prior to the Transaction; (ii) Abaxx Warrants will have the option to each receive at a ratio of 1:0.203 Resulting Issuer Common Shares or 1:0.809 Resulting Issuer Warrants for each one (1) Abaxx Warrant held immediately prior to the Transaction, with an adjustment to the exercise price of the Resulting Issuer Warrants to reflect the exchange ratio; (c) Abaxx Options, will each receive at a ratio of 1:0.809 options to purchase Resulting Issuer Common Shares ("Resulting Issuer Options") each one (1) Abaxx Option held immediately prior to the Transaction, with an adjustment to the exercise price to reflect the exchange ratio; and, (d) common shares of New Millennium ("New Millennium Shares"), will each receive 0.0833 Resulting Issuer Common Shares for each New Millennium Shares held immediately prior to the Transaction pursuant to a 12 for 1 New Millennium Share consolidation, to be completed prior to the closing of the Transaction.

The Transaction is subject to the approval of the Toronto Stock Exchange, the TSX Venture Exchange and the Shareholders of the Company and New Millennium. Critical Accounting Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a. Recoverability of receivables

Management is required to make estimates on the recoverability of the convertible note receivable and government remittances receivable that are included in the consolidated statements of financial position. No impairment has been recorded as at December 31, 2019.

b. Share based payments

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share based compensation in the statement of loss and comprehensive loss, based on estimates of forfeiture and expected lives of the underlying stock options.

c. Warrants

Management is required to make certain estimates on all inputs in the Black Scholes option pricing model, when determining the fair value of warrants included in unit financings.

d. Income taxes and recovery of deferred tax assets

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

e. Going concern assumption

Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company can obtain sufficient financing to cover planned operations throughout the next twelve month period and fund the working capital deficiency.

12. Changes in Accounting Policies including Initial Adoption

a. Adopted

i) Leases and right of use assets

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"), replacing IAS 17 – Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted the following:

All leases are accounted for by recognising a right of use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of any termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right of use assets are amortised on a straight line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right of use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

There was no material impact as a result of the adoption of this standard by the Company.

ii) Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

b. *Not yet adopted*

i) Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

This amendment is effective for annual periods beginning on or after January 1, 2020. Management does not anticipate any material impact from the adoption of this policy.

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

The IASB has published Classification of Liabilities as Current or Non Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

13. Financial Instruments and Other Instruments

Below is a summary showing the classification and measurement bases of the Company's financial instruments:

Classification	
Cash and cash equivalents	Amortized cost
Investments	FVTPL
Other receivables	Amortized cost
Convertible debenture receivable	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Amounts due to shareholder	Amortized cost
Convertible debentures	Amortized cost

a. *Financial assets*

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), amortized cost, or fair value through the statement of other comprehensive income ("FVTOCI"). The Company determines the classification of its financial assets at initial recognition.

i) Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's convertible debenture receivable and investments are classified as financial assets measured at FVTPL.

ii) Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: (1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and (2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's cash and cash equivalents, amounts receivable and other receivables are classified as financial assets measured at amortized cost.

b. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, amounts due to shareholder, and convertible debentures do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii) Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above under section 14.b.i).

c. Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

d. Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

e. Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

f. Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

14. Other Information

In March 2018, the Company issued 13,700,000 shares for \$0.01 per share to founders of the Company for gross proceeds of \$137,000.

In March 2018, the Company closed a private placement of 5,033,365 shares at a price of \$0.15 per share for gross proceeds of \$755,005.

In March 2018, the Company closed the first tranche of two of a private placement of 11,532,062 shares at a price of \$0.40 per share for gross proceeds of \$4,612,825.

In July 2018, the Company closed the second tranche a private placement of 2,197,237 shares at a price of \$0.40 per share for gross proceeds of \$878,895.

In February 2018, the Company issued 2,300,000 shares, at a price of \$0.01 for \$23,000, in exchange for services rendered by a shareholder. The fair value of the services rendered represented the fair value of the shares issued, as such no gain or loss has been recorded on this transaction on the statement of comprehensive loss.

In March 2018, the Company issued 2,750,000 common shares, with a fair value of \$1,100,000 in exchange for common shares in Operem. The fair value of the shares received represented the fair value of the shares issued, as such no gain or loss has been recorded on this transaction on the statement of comprehensive loss. See note 8).

In April 2018, the Company issued 1,250,000 common shares, with a fair value of \$500,000, in exchange for services rendered and common shares issued in Pasig and Hudson Private Limited. The fair value of the shares received represented the fair value of the shares issued, as such no gain or loss has been recorded on this transaction on the statement of comprehensive loss. See note 8).

In September 2018, a shareholder exercised 500,000 warrants for 500,000 shares of the Company at \$0.15 per share. As a result, the fair value of the warrants of \$130,361 was re-allocated to share capital.

In April 2019, the Company issued 2,112,227 units, at a price of \$1.00, per unit for gross proceeds of \$2,112,227. Each unit consisted of one common share and one-half share purchase warrant. The warrants have an expiry date of December 31, 2020 and an exercise price of CAD \$2.00. The fair value of the warrants was estimated to be \$340,916 using the Black-Scholes option pricing model with the following weighted average assumptions: share price - CAD \$1.00, exercise price - \$2.00, dividend yield - 0%, expected volatility (based on comparative companies) - 100%, risk-free interest rate - 2.53%, and an expected life of 20 months.

In March 2019, a shareholder exercised 4,000,000 warrants for 4,000,000 shares of the Company at \$0.15 per share. As a result, the fair value of the warrants of \$1,042,892 was re-allocated to share capital.

In March 2018 the Company issued 2,830,000 preferred shares at a price of \$0.40 for aggregate proceeds of \$1,132,000. The preference shares are non-voting and automatically convert on a share-for-share basis into common shares at such time that an initial public offering or similar going public event occurs.

As of the date of this report, the Company has 45,374,891 common shares outstanding and 2,830,000 preferred shares outstanding.

The Company has 1,056,113 share purchase warrants outstanding with exercise price of \$2.00 expiring December 31, 2019.

The Company has 2,809,111 stock options outstanding with the following expiry dates:

Expiry date	Exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options exercisable
October 1, 2023	0.40	3.75	1,164,111	888,667
October 1, 2023	1.00	3.75	1,100,000	850,003
February 1, 2024	0.40	4.09	385,000	128,334
February 1, 2024	1.00	4.09	160,000	56,667
		3.82	2,809,111	1,923,671

During the year ended December 31, 2019, the Company's subsidiary, Abaxx Singapore, issued 765,000 share purchase options at various exercise prices and expiry dates to shareholders, officers and consultants of Abaxx Singapore. The Company has determined the value of these options using the Black-Scholes option pricing model to be of nominal value, and have not recorded a share-based expense

in the consolidated statement of loss. In the event that all outstanding share purchase options are exercised in Abaxx Singapore, the Company will maintain controlling interest.

a. Disclosure of outstanding share data

Class	December 31, 2018
Common Shares	45,374,891
Preferred Shares ⁽¹⁾	2,830,000
Warrants	1,056,113
Options	2,809,111
Convertible Debentures ⁽²⁾	\$2,632,000

Notes:

- (1) Non-voting.
- (2) The Abaxx Convertible Debentures mature on a date that is twenty-four (24) months from the date of issuance; however, the holder thereof has the right to effect a conversion of all or part of the principal amount then outstanding under the Abaxx Convertible Debenture at a price of \$0.55 per Abaxx Common Share. The Abaxx Convertible Debentures bear interest at eight percent (8%) per annum, calculated quarterly

b. Controls and Procedures

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 purposes in accordance with IFRS.

An issuer that is not a reporting issuer is not required to provide representations in 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 the issuer's GAAP. 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 absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a reporting issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 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.

Further, in designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives, future liquidity, and planned capital investments.

Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management. Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2020 is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- the anticipated closing and effective date of the Proposed Transaction;
- the available funds of the Resulting Issuer upon completion of the Proposed Transaction, and the anticipated use of those funds by the Resulting Issuer;
- the Resulting Issuer's anticipated directors, officers and insiders; and
- the future growth, results of operations, performance and business prospects and opportunities of Abaxx (and therefore, the Resulting Issuer).
- the ability of New Millennium and Abaxx to satisfy all conditions precedent and obtain all regulatory approvals for the Proposed Transaction, including by the dates indicated;
- the anticipated costs to complete the Proposed Transaction;
- whether Abaxx (and therefore, the Resulting Issuer) will be able to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of Abaxx, and therefore the Resulting Issuer, will be as anticipated;
- COVID 19 pandemic;
- the availability of financing opportunities and risks associated with economic conditions;
- the ability to service debt obligations and maintain flexibility in respect of debt covenants;
- the speculative and competitive nature of the technology sector;
- limited operating history and share price fluctuations;

- cybersecurity threats and hacking;
- permits and licenses;
- server failures;
- global financial conditions;
- tax consequences;
- environmental regulations and liability;
- erroneous transactions and human error;
- facility developments;
- non-availability of insurance;
- loss of key employees;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- political and regulatory risk; and
- other factors beyond the Company's control.

The above is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Management's Discussion & Analysis

For the three and six months ended June 30, 2020

1. Introduction

The following Management's Discussion and Analysis ("MD&A") for Abaxx Technologies Inc. (together with its subsidiaries, the "**Company**" or "**Abaxx**") should be read in conjunction with the Company's second quarter 2020 unaudited interim condensed consolidated financial statements and the accompanying notes for the six months ended June 30, 2020 the Company's audited annual consolidated financial statements and the accompanying notes for the years ended December 31, 2019. In addition, the following MD&A should be read in conjunction with the Company's "Caution Regarding Forward-Looking Statements" beginning on page 19 of this MD&A.

The Company's second quarter unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The Company's second quarter unaudited interim consolidated financial statements include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars, except where otherwise noted.

Abaxx Technologies Inc. was Incorporated on January 25, 2018 under the laws of Canada. The primary office of the Company is located at 18 King Street East, Suite 902, Toronto ON M5C 1C4, Canada.

2. Overall Performance

Abaxx is a technology company engaged in development and deployment of trust enabling Internet protocols. Abaxx is accelerating commerce and reducing exposure to risk in targeted global industries. Abaxx is a software technology company and commenced its current business operations in January 2018. The Company has developed a business strategy comprised of two core components: (i) investing in new internet communication protocols and proprietary financial software architecture in a vision for global commodity market trading; and (ii) commercializing a majority-owned commodity futures exchange and clearing house utilizing Abaxx technology, with foundational products in new liquified natural gas benchmark contracts, and a new market structure vision for precious metals and battery metals markets.

a. Going concern

The unaudited interim condensed consolidated financial statements have been prepared on the basis of the going concern assumption, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

As at June 30, 2020, the Company had working capital deficit of \$8,391,276 (December 31, 2019 - \$5,298,607, had not yet reached profitable operations, has accumulated losses of \$14,782,286 (December 31, 2019 - \$12,239,466), and expects to incur further losses in the development of its business.

b. COVID 19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These

measures, which include the implementation of travel bans, self imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID 19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is closely monitoring the business environment as a result to ensure minimal distribution to business operations.

3. Consolidated Results of Operations

	As at June 30, 2020	As at December 31, 2019
Total Revenue	-	-
Loss from continuing operations:		
Total	\$(3,354,446)	\$(10,711,939)
On a per-share	\$(0.07)	\$(0.24)
On a diluted per-share	\$(0.07)	\$(0.24)
Loss attributable to owners of the parent: ⁽¹⁾		
Total	\$(2,542,820)	\$(8,412,398)
On a per-share	\$(0.06)	\$(0.19)
On a diluted per-share	\$(0.06)	\$(0.19)
Total assets	\$3,981,897	\$5,534,695
Total non-current financial assets	\$3,748,934	\$3,633,710
distributions or cash dividends declared per-share for each class of share.	-	-

Notes:

- (1) For the quarter ended June 30, 2020, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$2,542,820 (December 31, 2019 – \$8,412,398) and the weighted average number of common shares outstanding of 45,374,891 (December 31, 2019 – 43,785,827). Diluted loss per share did not include the effect of stock options and share purchase warrants as they are anti dilutive.

a. Total Revenue

The Company did not generate any revenue during the six months ended June 30, 2020.

b. Loss from continuing operations

For the six months ended June 30, 2020, the Company recorded a total loss of \$3,354,446 (June 30, 2019 - \$5,824,217). The Company is a developing technology company and did not generate any revenue during either report period. The \$1,183,391 decrease in operating loss was due primarily to a \$3,045,766 decrease in development expenses for the quarter ended June 30, 2020 (\$970,845) compared to the quarter ended June 30, 2019 (\$4,016,611). Salaries, professional fees, travel, marketing, promotion, and stock based compensation also had a year over year decrease of approximately \$576,000. This was due to improved cost management. The new convertible debenture generated interest and accretion expense of \$1,003,999 (June 30, 2019 nil).

c. Loss attributable to shareholders of the Company

For the six months ended June 30, 2020, the Company recorded a total loss of \$2,532,749 (June 30, 2019 - \$4,166,890). Compared to the six months ended June 30, 2019, loss attributable shareholders of the Company decreased due to better cost control in the business. Non-controlling interest was unchanged.

d. Total assets

For the quarter ended June 30, 2020, the Company had total assets of \$3,981,897 (December 31, 2019 \$5,534,695). The \$1.55 million decrease in total assets can be attributed primarily to the payment of a convertible debenture from cash and cash equivalents. See note 4 to the unaudited interim condensed consolidated financial statements for the period ended June 30, 2020.

e. Total non-current financial assets

In September 2018, the Company advanced \$181,888 (\$140,000 USD) to an arms length third party entity, Smart Crowd Holding Limited ("**SCHL**"), in the form of an unsecured convertible debenture. The facility matures on the earlier of: i) the liquidity event; or ii) the optional conversion date of December 31, 2019. See Note 6 to the unaudited interim condensed consolidated financial statements for the period ended June 30, 2020.

f. Dividends

There have not been any distributions or cash dividends declared per share on any class of shares in any of the periods disclosed in the table above.

4. Discussion of Operations

a. Total revenue

The Company did not generate any revenue during the six months ended June 30, 2020 (June 30, 2019 nil).

b. Gross profit

The Company not yet reached profitable operations. It has accumulated losses of \$14,782,286 (December 31, 2019 - \$12,239,466), and expects to incur further losses in the development of its business.

c. *Description of each project*

i) Abaxx Exchange and Clearing ("**ACX**")

ACX is development-stage commodity futures exchange and clearinghouse which is currently seeking regulatory licenses to operate from the Monetary Authority of Singapore (MAS). As of the date hereof, Abaxx controls 65% of the issued and outstanding Abaxx Singapore common shares, and a two percent (2%) royalty on gross revenue during the indefinite royalty term (the "**Royalty**").

ACX has developed foundational products with its liquified natural gas ("**LNG**") benchmark contracts in consultation with the global energy industry over the past two years. ACX is also currently developing a new gold product suite derived from a new vision for precious metals and battery metal exchange market structure. Abaxx believes that transparent pricing for LNG, facilitating a more seamless transition of coal to gas switching in Asia, is a key marketplace requirement for accelerating this new energy economy and seeks to build a new physical commodity focused exchange around these core markets.

The primary value of ACX is its derivative-execution venue which is designed to be a forum for price discovery, risk transfer, and reduced transaction costs through contract standardization; and a clearinghouse which is designed to mitigate credit and trade performance risk throughout the market by mutualizing wholesale market trading risk against a single central counterparty.

To date, the Company has made the following development investments with respect to ACX:

- Building the Exchange: ACX has licensed the necessary software systems to facilitate global order books and market matching, and has developed the necessary rulebooks and compliance procedures to operate the exchange.
- Building the Clearinghouse: Modern clearinghouses also facilitate these transactions and risk calculations via robust software systems. ACX has licensed the necessary software systems to facilitate global order clearing and risk monitoring, and has developed the necessary rulebooks and compliance procedures, and risks analysis monitoring systems to operate the exchange.
- Write contracts to be traded on exchange: ACX has developed LNG deliverable-futures contracts in consultation with global LNG trading firms; The Company is currently in consultation with global gold trading firms for deliverable-futures for gold and it is currently assessing other physical commodity contracts at a preliminary stage.
- Applied for Regulatory Approvals: ACX is in advanced stages of regulatory applications with the Monetary Authority of Singapore (MAS) for an exchange operator license / Regulated Market Operator ("**RMO**") and Approved Clearing House ("**ACH**") license.
- Staff the exchange and clearinghouse: ACX has hired key executive roles with the experience building and operating key markets at some of the largest global exchanges, both in region and globally.
- Financing: ACX has assembled sufficient levels of risk capital to support performance guarantees of the clearing house.

ACX is still under development and seeking final regulatory approvals. It is preparing to onboard customers and futures commission merchants, and does not currently generate revenue. Commencing operations of ACX is dependent upon receiving approval from the Monetary Authority of Singapore ("**MAS**") to operate as a clearing house.

d. *commitments, events, risks or uncertainties*

i) Royalty Payments

During the year ended December 31, 2019, the Company entered into a Royalty Agreement ("**Royalty**") with its subsidiary Singapore PTE. LTD. ("**Abaxx Singapore**"). The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019 continuing in perpetuity until the obligation is relinquished by the Company;
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of \$25,000,000 USD in a calendar year; and
- There is no interest accrued on royalty payments accrued and not yet paid.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for \$10,000,000 USD by February 1, 2024.

As of June 30, 2020, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the consolidated financial statements. The Company has also not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

ii) Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas as well as other tradable commodities and applications. ("**Exchange Technology**").

During the year ended December 31, 2019 the Company entered into a Master Licensing Agreement ("**MLA**") with its majority owned affiliate Abaxx Singapore. As a result of this agreement, the Company has assigned exclusive title rights of use as well as the sub license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub licenses the Exchange Technology, in which case as a result of the MLA royalty fees would be as follows:

- An amount equal to 20% of revenues on the first \$2,000,000 USD;
- An amount equal to 10% of revenues on the next \$3,000,000 USD; and
- An amount equal to 5% of revenue on any excess revenue.

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of June 30, 2020, no amounts have been accrued by Abaxx Singapore and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements as an asset due to the intellectual property being still under development, no revenues have been generated and commercial viability of the Exchange Technology has not yet been determined.

e. effect of inflation and specific price changes

As ACX is operated in Singapore, there are varying degrees of political, economic and other risks and uncertainties in a foreign jurisdiction. In particular, the ACX's business objectives may be affected by the local and governing political and economic developments including and not limited to: expropriation of property including intellectual property rights, invalidation of government orders, permits or agreements to operate, political unrest, labour disputes, limitations on repatriation of earnings, limitation on foreign ownership, inability to obtain or delays in obtaining necessary approvals, licenses, permits, or authorizations, government participation, royalties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies.

Natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including weather and general economic conditions as well as conditions in other natural gas producing regions, which are beyond the control of the Company. In addition, the price of oil and gas is typically marketed in United States dollars and as such the Company is exposed to currency exchange fluctuations between the Canadian Dollars and United States dollars.

f. unusual or infrequent events or transactions

i) Proposed Transaction

On September 18, 2020, the Company entered into a binding arrangement agreement with New Millennium Iron Corp. ("New Millennium"), pursuant to which New Millennium shall acquire all of the issued and outstanding common shares of the Company by way of a business combination constituting a "reverse takeover" of the Company by New Millennium under the policies of the TSX Venture Exchange. See Section 11 below.

ii) COVID 19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID 19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The duration and impact of the COVID 19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. See Section 2.b above.

5. Summary of Quarterly Results

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Total Revenue	-	-	-	-
Total Expenses	1,539,290	1,815,156	4,776,999	2,683,246
Net Loss Before Tax	1,539,290	1,815,156	4,776,999	2,683,246



Basic and Diluted Loss per Share	0.04	0.01	0.09	0.09
	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Total Revenue	-	-	-	-
Total Expenses	1,863,532	1,388,163	3,346,153	405,075
Net Loss Before Tax	1,863,532	1,388,163	3,346,153	405,075
Basic and Diluted Loss per Share	0.05	0.04	0.01	0.01

For the three months ended June 30, 2020 compared to the three months ended June 30, 2019 the Company had a decrease in operating expenses of \$324,242. This was due to tighter cost control implemented by the Company and a lower spend on development as it moves closer to go live of operations. As a result, quarter over quarter saw a \$2,780,551 lower spend on development activities.

6. Liquidity

a. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid short-term interest bearing investments. Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is attributable to cash and cash equivalents, convertible note receivable, and government remittances receivable. Cash and cash equivalents are on deposit with a Canadian chartered bank, from which management believes the risk of loss is remote. Other receivables are due from the Ministry of Revenue from which management believes the risk of loss to be remote. Convertible note receivable is due from an arm's length third party from which management believes the risk of loss to be remote. The Company's maximum exposure to credit risk as of June 30, 2020 is the carrying value of cash and cash equivalents, convertible note receivable, and government remittances receivable.

b. Trends or expected fluctuations

Management is not aware of any trends or expected fluctuations in its liquidity that would create any deficiencies. In addition, management believes that cash flow from continuing operations together with its financing activities be sufficient to meet the Corporation's short-term and long-term requirements for ongoing operations and planned growth.

c. Working capital

As at June 30, 2020, the Company had working capital deficit of \$8,391,276 (December 31, 2019 - \$5,298,607) had not yet reached profitable operations, has accumulated losses of \$14,782,286 (December 31, 2019 - \$12,239,466), and expects to incur further losses in the development of its business. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

d. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is attributable to cash and cash equivalents, convertible note receivable, and government remittances receivable. Cash and cash equivalents are on deposit with a Canadian chartered bank, from which management believes the risk of loss is remote. Other receivables are due from the Ministry of Revenue from which management believes the risk of loss to be remote. Convertible note receivable is due from an arm's length third party from which management believes the risk of loss to be remote. The Company's maximum exposure to credit risk as of June 30, 2020 is the carrying value of cash and cash equivalents, convertible note receivable, and government remittances receivable.

e. Interest rate risk

The Company has cash and cash equivalents bearing fixed interest rates and no variable interest bearing debt. The Company's has promissory note receivable bearing fixed interest rate and no variable interest bearing component. The Company's current policy is to invest excess cash in investment grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

f. Liquidity risks

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2020, the Company had current assets of \$232,963 to settle current liabilities of \$8,624,239. The ability of the Company to continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

g. Market risk

Market risk is the risk of loss that may arise from changes in market forces such as interest rates and foreign exchange rates.

i) Interest rate risk

The Company has cash balances and no variable interest bearing debt. The Company does not have any financial instruments subject to interest rate volatility.

ii) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. Major purchases and investments are transacted in United States dollar. The Company is exposed to foreign currency risk with respect to the cash balance of \$31,217 (December 31, 2019 – \$1,707,372) which is denominated in United States dollars.

- h. Statement of financial position conditions or profit or loss attributable to owners of the parent or cash flow items that may affect your company's liquidity;*

There are no other statement of financial position conditions that would adversely affect the Company's liquidity.

- i. Ability of subsidiaries to transfer funds*

There are no legal or practical restrictions on the flow of funds from one part of the Company's business to another.

7. Capital Resources

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves, non controlling interest, cumulative transaction adjustments, and deficit which at June 30, 2020 totaled \$(4,642,342) and December 31, 2019 (\$1,664,897).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

- a. Royalty Payments*

During the year ended December 31, 2019, the Company entered into a Royalty Agreement ("**Royalty**") with its subsidiary Singapore PTE. LTD. ("**Abaxx Singapore**"). The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019 continuing in perpetuity until the obligation is relinquished by the Company;
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of \$25,000,000 USD in a calendar year; and
- There is no interest accrued on royalty payments accrued and not yet paid.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for \$10,000,000 USD by February 1, 2024.

As of June 30, 2020, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the consolidated financial statements. The Company has also not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

b. Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas as well as other tradable commodities and applications. ("**Exchange Technology**").

During the year ended December 31, 2019 the Company entered into a Master Licensing Agreement ("**MLA**") with its majority owned affiliate Abaxx Singapore. As a result of this agreement, the Company has assigned exclusive title rights of use as well as the sub-license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub licenses the Exchange Technology, in which case as a result of the MLA royalty fees would be as follows:

- An amount equal to 20% of revenues on the first \$2,000,000 USD;
- An amount equal to 10% of revenues on the next \$3,000,000 USD; and
- An amount equal to 5% of revenue on any excess revenue.

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of June 30, 2020, no amounts have been accrued by Abaxx Singapore and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements as an asset due to the intellectual property being still under development, no revenues have been generated and commercial viability of the Exchange Technology has not yet been determined.

8. Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements which could have an effect on current or future results or operations, or the financial condition of Abaxx.

9. Transaction Between related Parties

During the six months ended June 30, 2020, the Company had the following transactions with related parties:

a. Key management

The Company considers key management to be officers and directors. During the three and six months ended June 30, 2020, \$22,500 and \$45,000 (2019 - \$22,500 and \$45,000) of fees were paid to key management and companies controlled by or related to key management.

b. Chief Financial Officer

In addition, the Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc ("Marrelli"), a firm providing accounting services. Fees paid to Marrelli for accounting and CFO services during the three and six months ended June 30, 2020 amounted to \$9,802 and \$18,995 (2019 - \$9,411 and \$18,645).

c. Shareholder advance

During the period ended June 30, 2020, shareholder advances of \$1,298,800 were converted into convertible debentures in the Company. See note 8.

d. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities is \$85,394 (December 31, 2019 - \$18,547) owed to key management and companies controlled by or related to key management.

10. Proposed Transactions

On September 18, 2020, the Company entered into a binding arrangement agreement with New Millennium Iron Corp. ("New Millennium"), pursuant to which New Millennium shall acquire all of the issued and outstanding common shares of the Company by way of a business combination constituting a "reverse takeover" of the Company by New Millennium under the policies of the TSX Venture Exchange (the "Transaction").

The Transaction shall be completed by way of a business combination, pursuant to which the holders of the issued and outstanding: (i) Abaxx Common Shares, will each receive at a ratio of 1:0.809 common shares (the "Resulting Issuer Common Shares") of the reporting issuer to Abaxx common shares resulting from the Transaction (the "Resulting Issuer") for each one (1) Abaxx Common Shares held immediately prior to the Transaction; (ii) Abaxx Warrants will have the option to each receive at a ratio of 1:0.203 Resulting Issuer Common Shares or 1:0.809 Resulting Issuer Warrants for each one (1) Abaxx Warrant held immediately prior to the Transaction, with an adjustment to the exercise price of the Resulting Issuer Warrants to reflect the exchange ratio; (c) Abaxx Options, will each receive at a ratio of 1:0.809 options to purchase Resulting Issuer Common Shares ("Resulting Issuer Options") each one (1) Abaxx Option held immediately prior to the Transaction, with an adjustment to the exercise price to reflect the exchange ratio; and, (d) common shares of New Millennium ("New Millennium Shares"), will each receive 0.0833 Resulting Issuer Common Shares for each New Millennium Shares held immediately prior to the Transaction pursuant to a 12 for 1 New Millennium Share consolidation, to be completed prior to the closing of the Transaction.

The Transaction is subject to the approval of the Toronto Stock Exchange, the TSX Venture Exchange and the Shareholders of the Company and New Millennium.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

11. Critical Accounting Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a. Recoverability of receivables

Management is required to make estimates on the recoverability of the convertible note receivable and government remittances receivable that are included in the consolidated statements of financial position. No impairment has been recorded as at June 30, 2020.

b. Share based payments

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share based compensation in the statement of loss and comprehensive loss, based on estimates of forfeiture and expected lives of the underlying stock options.

c. Warrants

Management is required to make certain estimates on all inputs in the Black Scholes option pricing model, when determining the fair value of warrants included in unit financings.

d. Income taxes and recovery of deferred tax assets

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

e. Going concern assumption

Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company can obtain sufficient financing to cover planned operations throughout the next twelve month period and fund the working capital deficiency.

12. Changes in Accounting Policies including Initial Adoption

a. *Not yet adopted*

i) Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not test that allows a business

This amendment is effective for annual periods beginning on or after January 1, 2020. Managements does not anticipate any material impact from the adoption of this policy.

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

The IASB has published Classification of Liabilities as Current or Non Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liabilities.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

13. Financial Instruments and Other Instruments

Below is a summary showing the classification and measurement bases of the Company's financial instruments:

Classification	
Cash and cash equivalents	Amortized cost
Investments	FVTPL

Other receivables	Amortized cost
Convertible debenture receivable	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Amounts due to shareholder	Amortized cost
Convertible debentures	Amortized cost

a. Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), amortized cost, or fair value through the statement of other comprehensive income ("FVTOCI"). The Company determines the classification of its financial assets at initial recognition.

i) Financial assets recorded at FVTPL

Financial assets are classified as FVTPL if they do not meet the criteria of amortized cost or FVTOCI. Gains or losses on these items are recognized in profit or loss. The Company's convertible debenture receivable and investments are classified as financial assets measured at FVTPL.

ii) Amortized cost

Financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL: (1) the object of the Company's business model for these financial assets is to collect their contractual cash flows; and (2) the asset's contractual cash flows represent "solely payments of principal and interest". The Company's cash and cash equivalents, amounts receivable and other receivables are classified as financial assets measured at amortized cost.

b. Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i) Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, amounts due to shareholder, and convertible debentures do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii) Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above under Section 13.b.i).

c. Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

d. Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

e. Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

f. Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's consolidated financial statements.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

14. Other Information

In March 2018, the Company issued 13,700,000 shares for \$0.01 per share to founders of the Company for gross proceeds of \$137,000.

In March 2018, the Company closed a private placement of 5,033,365 shares at a price of \$0.15 per share for gross proceeds of \$755,005.

In March 2018, the Company closed the first tranche of two of a private placement of 11,532,062 shares at a price of \$0.40 per share for gross proceeds of \$4,612,825.

In July 2018, the Company closed the second tranche a private placement of 2,197,237 shares at a price of \$0.40 per share for gross proceeds of \$878,895.

In February 2018, the Company issued 2,300,000 shares, at a price of \$0.01 for \$23,000, in exchange for services rendered by a shareholder. The fair value of the services rendered represented the fair value of the shares issued, as such no gain or loss has been recorded on this transaction on the statement of comprehensive loss.

In March 2018, the Company issued 2,750,000 common shares, with a fair value of \$1,100,000 in exchange for common shares in Operem. The fair value of the shares received represented the fair value of the shares issued, as such no gain or loss has been recorded on this transaction on the statement of comprehensive loss. See note 8).

In April 2018, the Company issued 1,250,000 common shares, with a fair value of \$500,000, in exchange for services rendered and common shares issued in Pasig and Hudson Private Limited. The fair value of the shares received represented the fair value of the shares issued, as such no gain or loss has been recorded on this transaction on the statement of comprehensive loss. See note 8).

In September 2018, a shareholder exercised 500,000 warrants for 500,000 shares of the Company at \$0.15 per share. As a result, the fair value of the warrants of \$130,361 was re-allocated to share capital.

In April 2019, the Company issued 2,112,227 units, at a price of \$1.00, per unit for gross proceeds of \$2,112,227. Each unit consisted of one common share and one-half share purchase warrant. The warrants have an expiry date of December 31, 2020 and an exercise price of CAD \$2.00. The fair value of the warrants was estimated to be \$340,916 using the Black-Scholes option pricing model with the following weighted average assumptions: share price - CAD \$1.00, exercise price - \$2.00, dividend yield - 0%, expected volatility (based on comparative companies) - 100%, risk-free interest rate - 2.53%, and an expected life of 20 months.

In March 2019, a shareholder exercised 4,000,000 warrants for 4,000,000 shares of the Company at \$0.15 per share. As a result, the fair value of the warrants of \$1,042,892 was re-allocated to share capital.

In March 2018 the Company issued 2,830,000 preferred shares at a price of \$0.40 for aggregate proceeds of \$1,132,000. The preference shares are non-voting and automatically convert on a share-for-share basis into common shares at such time that an initial public offering or similar going public event occurs.

As of the date of this report, the Company has 45,374,891 common shares outstanding and 2,830,000 preferred shares outstanding.

The Company has 1,056,113 share purchase warrants outstanding with exercise price of \$2.00 expiring December 31, 2019.

As of the date of this document, the Company has 3,496,334 options outstanding, expiring between October 1, 2023 and June 1, 2025 with exercise prices ranging between \$0.40 and \$1.00.

During the year ended December 31, 2019, the Company's subsidiary, Abaxx Singapore, issued 765,000 share purchase options at various exercise prices and expiry dates to shareholders, officers and

consultants of Abaxx Singapore. The Company has determined the value of these options using the Black-Scholes option pricing model to be of nominal value, and have not recorded a share-based expense in the consolidated statement of loss. In the event that all outstanding share purchase options are exercised in Abaxx Singapore, the Company will maintain controlling interest.

a. Controls and Procedures

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 purposes in accordance with IFRS.

An issuer that is not a reporting issuer is not required to provide representations in 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 the issuer's GAAP. 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 absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a reporting issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 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.

Further, in designing such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

Caution Regarding Forward-Looking Statements

This MD&A contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this MD&A include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, strategic initiatives, future liquidity, and planned capital investments.

Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may", "maintain", "achieve", "grow", "should" and similar expressions, as they relate to the Company and its management.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2020 is based on certain assumptions including assumptions about operational growth, anticipated cost savings, operating efficiencies, anticipated benefits from strategic initiatives, future liquidity, and planned capital investments. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements. Such risks and uncertainties include:

- the anticipated closing and effective date of the Proposed Transaction;
- the available funds of the Resulting Issuer upon completion of the Proposed Transaction, and the anticipated use of those funds by the Resulting Issuer;
- the Resulting Issuer's anticipated directors, officers and insiders; and
- the future growth, results of operations, performance and business prospects and opportunities of Abaxx (and therefore, the Resulting Issuer).
- the ability of New Millennium and Abaxx to satisfy all conditions precedent and obtain all regulatory approvals for the Proposed Transaction, including by the dates indicated;
- the anticipated costs to complete the Proposed Transaction;
- whether Abaxx (and therefore, the Resulting Issuer) will be able to execute its business strategy successfully such that the future growth, results of operations, performance and business prospects and opportunities of Abaxx, and therefore the Resulting Issuer, will be as anticipated;
- COVID 19 pandemic;
- the availability of financing opportunities and risks associated with economic conditions;
- the ability to service debt obligations and maintain flexibility in respect of debt covenants;
- the speculative and competitive nature of the technology sector;
- limited operating history and share price fluctuations;
- cybersecurity threats and hacking;
- permits and licenses;
- server failures;
- global financial conditions;
- tax consequences;
- environmental regulations and liability;
- erroneous transactions and human error;
- facility developments;
- non-availability of insurance;
- loss of key employees;
- lawsuits and other legal proceedings and challenges;
- conflict of interests with directors and management;
- political and regulatory risk; and
- other factors beyond the Company's control.



The above is not an exhaustive list of the factors that may affect the Company's forward-looking statements. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian Securities Authorities, including the Company's annual MD&A dated October 19, 2020. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this MD&A. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SCHEDULE B-2

AUDITED FINANCIAL STATEMENTS OF ABAXX
TECHNOLOGIES INC. FOR THE YEAR ENDED
DECEMBER 31, 2019 AND FINANCIAL STATEMENTS
OF ABAXX TECHNOLOGIES INC. FOR THE THREE
AND SIX MONTHS ENDED JUNE 30, 2020

ABAXX TECHNOLOGIES INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019 AND PERIOD
FROM JANUARY 25, 2018 (DATE OF
INCORPORATION) TO DECEMBER 31, 2018

Independent Auditor's Report

To the Shareholders of Abaxx Technologies Inc.:

Opinion

We have audited the consolidated financial statements of Abaxx Technologies Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018 and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2019 and for the period from January 25, 2018 to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which indicates that as at December 31, 2019, the Company had a working capital deficit of \$5,298,607, had not yet reached profitable operations, had an accumulated deficit of \$12,239,466, and expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Toronto, Ontario
October 20, 2020

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

Abaxx Technologies Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2019	As at December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,707,372	\$ 916,300
Other receivables	35,672	18,645
Prepaid expenses	5,022	1,101,321
Convertible note receivable (note 9)	152,919	181,888
Total current assets	1,900,985	2,218,154
Non-current assets		
Investment in associate (note 7)	2,633,710	2,973,298
Investments at fair value (note 8)	1,000,000	863,185
Total assets	\$ 5,534,695	\$ 6,054,637
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,227,230	\$ 295,966
Amount due to shareholders (note 15)	2,032,657	-
Convertible debenture - derivative liability (note 10)	2,939,705	-
Total liabilities	7,199,592	295,966
Equity (deficiency)		
Share capital - common shares (note 11)	10,533,138	6,923,040
Share capital - preferred shares (note 11)	1,132,000	1,132,000
Contributed surplus (note 12)	1,101,026	465,541
Warrants (note 13)	438,868	1,261,739
Cumulative translation adjustment	(15,305)	119,036
Retained earnings (deficit)	(12,239,466)	(3,827,068)
Total equity of Abaxx Technologies Inc.	950,261	6,074,288
Non-controlling interest (note 4)	(2,615,158)	(315,617)
Total equity (deficiency)	(1,664,897)	5,758,671
Total equity and liabilities	\$ 5,534,695	\$ 6,054,637

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Subsequent events (note 19)

Approved on behalf of the Board:

s/ "Joshua Crumb"

s/ "Dennis Peterson"

Abaxx Technologies Inc.

Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian Dollars)

	Year Ended Dec 31, 2019	Jan 25, 2018 (date of incorporation) to Dec 31, 2018
Operating expenses		
Development	\$ 7,049,385	\$ 1,334,793
Salaries and wages (note 15)	1,326,858	258,789
Loss on investment under equity method (note 7)	218,444	444,778
Professional fees (note 15)	775,947	446,000
Travel, marketing and promotion	290,057	181,821
Interest expense	62,172	-
General and administrative	85,639	28,978
Regulatory expenses	4,087	6,471
Share-based compensation (note 12)	635,485	1,727,280
Loss before following items:	\$ (10,448,074)	\$ (4,428,910)
Foreign exchange gain (loss)	(64,006)	286,225
Gain on investments at fair value (note 8)	136,815	-
Fair value adjustment on derivative liability (note 10)	(307,705)	-
Fair value adjustment on note receivable (note 9)	(28,969)	-
Net loss for the period	(10,711,939)	(4,142,685)
Net loss attributable to:		
Shareholders of the Company	\$ (8,412,398)	\$ (3,827,068)
Non-controlling interest (note 4)	(2,299,541)	(315,617)
Net loss for the period	\$ (10,711,939)	\$ (4,142,685)
Cumulative translation adjustment	(134,341)	119,036
Comprehensive loss for the period	\$ (10,846,280)	\$ (4,023,649)
Comprehensive loss attributable to:		
Shareholders of the Company	\$ (8,546,739)	\$ (3,708,032)
Non-controlling interest (note 4)	(2,299,541)	(315,617)
Comprehensive loss for the period	\$ (10,846,280)	\$ (4,023,649)
Basic and diluted net loss per share (note 14)	\$ (0.19)	\$ (0.12)
Weighted average number of common shares outstanding	43,785,827	31,300,182

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Abaxx Technologies Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended Dec 31, 2019	Jan 25, 2018 (date of incorporation) to Dec 31, 2018
Operating activities		
Net loss for the period	\$(10,711,939)	\$ (4,142,685)
Adjustments for:		
Fair value adjustment on derivative liability	307,705	-
Share-based payments	635,485	1,727,280
Loss on investment in associate	218,444	444,778
Interest on shareholder loans	62,172	-
Fair value adjustment on convertible note receivable	28,969	-
Fair value adjustment on investments at fair value	(136,815)	-
Changes in non-cash working capital items:		
Other receivables	(17,027)	(18,645)
Prepaid expenses	1,096,299	(1,101,321)
Accounts payable and accrued liabilities	2,006,264	295,966
Net cash used in operating activities	(6,510,443)	(2,794,627)
Investing activities		
Purchase of investments at fair value	-	(863,185)
Investment in associate	-	(3,204,498)
Convertible note receivable	-	(181,888)
Net cash used in investing activities	-	(4,249,571)
Financing activities		
Proceeds from common shares issued, net of costs	2,112,227	6,786,040
Proceeds from exercise of warrants	600,000	-
Advances from shareholder	1,970,485	-
Convertible debentures issued	2,632,000	-
Proceeds from founder shares issued, net of costs	-	137,000
Proceeds from preferred shares issued	-	1,132,000
Net cash provided by financing activities	7,314,712	8,055,040
Effect of foreign currencies on cash	(13,197)	(94,542)
Net change in cash and cash equivalents	791,072	916,300
Cash and cash equivalents, beginning of period	916,300	-
Cash and cash equivalents, end of period	\$ 1,707,372	\$ 916,300
Supplemental cash flow information:		
Shares issued for investment	\$ -	\$ 500,000

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Abaxx Technologies Inc.
Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Common shares	Preferred shares	Contributed surplus	Warrants	Non-controlling interest	Cumulative translation adjustment	Deficit	Total
Balance, January 25, 2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Issued to founders	137,000	-	-	-	-	-	-	137,000
Issued in private placement	6,274,224	-	-	-	-	-	-	6,274,224
Share issue costs	(11,184)	-	-	-	-	-	-	(11,184)
Shares issued for investments	500,000	-	-	-	-	-	-	500,000
Shares issued for services	23,000	-	-	-	-	-	-	23,000
Issued in private placement	-	1,132,000	-	-	-	-	-	1,132,000
Share based payments	-	-	465,541	-	-	-	-	465,541
Warrants issued	-	-	-	1,261,739	-	-	-	1,261,739
Cumulative translation on foreign operations	-	-	-	-	-	119,036	-	119,036
Net loss for the period	-	-	-	-	(315,617)	-	(3,827,068)	(4,142,685)
Balance, December 31, 2018	\$ 6,923,040	\$ 1,132,000	\$ 465,541	\$ 1,261,739	\$ (315,617)	\$ 119,036	\$ (3,827,068)	\$ 5,758,671
Issued in private placement	1,673,359	-	-	438,868	-	-	-	2,112,227
Warrants exercised	1,936,739	-	-	(1,261,739)	-	-	-	675,000
Share-based payments	-	-	635,485	-	-	-	-	635,485
Cumulative translation on foreign operations	-	-	-	-	-	(134,341)	-	(134,341)
Net loss for the year	-	-	-	-	(2,299,541)	-	(8,412,398)	(10,711,939)
Balance, December 31, 2019	\$ 10,533,138	\$ 1,132,000	\$ 1,101,026	\$ 438,868	\$ (2,615,158)	\$ (15,305)	\$ (12,239,466)	\$ (1,664,897)

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

1. Nature of operations and going concern

Abaxx Technologies Inc. ("Abaxx" or the "Company") was incorporated on January 25, 2018 under the laws of the Canada Business Corporation Act. The primary office of the Company is located at 18 King Street East, Suite 902, Toronto ON M5C 1C4, Canada.

Abaxx is a technology company engaged in development and deployment of trust enabling internet protocols.

Going concern

As at December 31, 2019, the Company had working capital deficit of \$5,298,607, had not yet reached profitable operations, has accumulated deficit of \$12,239,466, and expects to incur further losses in the development of its business. The ability of the Company to ensure continuing operations is dependent on the Company's ability to raise sufficient funds to finance development activities.

These circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern.

The consolidated financial statements have been prepared on the basis of the going concern assumption, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. See note 19 for events after the reporting period.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is closely monitoring the business environment as a result to ensure minimal distribution to business operations.

2. Statement of compliance

The consolidated financial statements have been prepared in accordance with and using accounting policies in full compliance with the International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), effective for the Company's reporting for the periods ended December 31, 2019 and 2018. The accounting policies set out below have been applied consistently to the years presented in these consolidated financial statements unless otherwise noted below.

The Board of Directors approved the consolidated financial statements on October 20, 2020.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies

(a) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis other than the Company's financial instruments which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional currency of the Company is the Canadian dollar which is also the presentation currency of the consolidated financial statements. The functional currency of the Company's subsidiaries is the United States dollar.

(b) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary companies after eliminating intercompany balances and transactions. Subsidiaries are entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than 50% of the voting rights. At December 31, 2019 and 2018 (except as noted below), the Company's subsidiaries and consolidation basis are as follows:

Name	Place of incorporation	Ownership
Abaxx Singapore PTE. LTD. ("Abaxx Singapore") ⁽²⁾	Singapore	57.98%
Abaxx Clearing PTE. LTD. ("Abaxx Clearing") ⁽¹⁾⁽²⁾	Singapore	57.98%
Abaxx Exchange PTE. LTD. ("Abaxx Exchange") ⁽¹⁾⁽²⁾	Singapore	57.98%
Abaxx Technologies Corp. ("Abaxx Barbados")	Barbados	100%

(1) - Abaxx Clearing and Abaxx Exchange are wholly-owned subsidiaries of Abaxx Singapore. As a result, the interest held by the Company in Abaxx Clearing and Abaxx Exchange is held through Abaxx Singapore. These entities were incorporated in January 2019, as such they were not consolidated for the period ended December 31, 2018.

(2) - The interest in these entities is held through the Company's wholly-owned subsidiary Abaxx Barbados.

(c) Financial instruments

Below is a summary showing the classification and measurement bases of the Company's financial instruments:

Classification

Cash and cash equivalents	FVTPL
Investment at fair value	FVTPL
Other receivables	Amortized cost
Convertible note receivable	FVTPL
Accounts payable and accrued liabilities	Amortized cost
Amounts due to shareholder	Amortized cost
Derivative liability	FVTPL
Convertible debentures	Amortized cost

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Financial assets

Financial assets are classified as either financial assets at FVTPL, amortized cost, or FVTOCI. The Company determines the classification of its financial assets at initial recognition.

- Amortized cost - assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of other receivables.
- Fair value through other comprehensive income - assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.
- Mandatorily at fair value through profit or loss - assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash, and cash equivalents, convertible note receivable and investments.
- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost. The Company determines the classification of its financial liabilities at initial recognition.

i. Amortized cost

Financial liabilities are classified as measured at amortized cost unless they fall into one of the following categories: financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, or contingent consideration recognized by an acquirer in a business combination.

The Company's accounts payable and accrued liabilities, amounts due to shareholder, and convertible debentures do not fall into any of the exemptions and are therefore classified as measured at amortized cost.

ii. Financial liabilities recorded FVTPL

Financial liabilities are classified as FVTPL if they fall into one of the five exemptions detailed above. The Company's derivative liability is measured at FVTPL.

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss. Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method or fair value. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Transaction costs

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

Subsequent measurement

Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized in profit or loss. Instruments classified as amortized cost are measured at amortized cost using the effective interest rate method. Instruments classified as FVTOCI are measured at fair value with unrealized gains and losses recognized in other comprehensive income.

Derecognition

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Expected credit loss impairment model

IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full or when the financial asset is more than 90 days past due.

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Foreign currency translation

Monetary assets and liabilities denominated in currencies other than functional currencies are translated into functional currencies at the rate of exchange in effect at the statement of financial position date. Non-monetary assets and liabilities are translated at the historical rates. Expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive loss for the period.

The assets and liabilities of entities with a functional currency that differs from the presentation currency are translated to the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the statement of the financial position date;
- Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated at the rate on the dates of the transactions) for the year or period presented;
- Equity transactions are translated using the exchange rate at the date of the transaction; and
- All resulting exchange differences are recognized as a separate component of equity as reserve for foreign currency translation.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the foreign currency translation reserve.

(d) Cash and cash equivalents

Cash and cash equivalents consist of cash deposited in banks and highly liquid short-term interest bearing investments.

(e) Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

(f) Loss per share

Basic loss per share is computed by dividing the loss for the year available to common shareholders by the weighted average number of shares outstanding during the year. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the year. Options and warrants are anti-dilutive and, therefore, have not been taken into account in the per share calculations.

(g) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The Company had no material provisions at December 31, 2019 and 2018.

(h) Share-based payment transactions

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. The fair value of equity-settled share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at the grant date and is recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

The fair value of share based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(i) Convertible debenture

The convertible debenture is considered to contain an embedded derivative relating to the conversion feature. The conversion feature was measured at fair value upon initial recognition using the binomial valuation model and was separated from the debt component of the debenture. The debt component of the debenture was measured at residual value upon initial recognition. Subsequent to initial recognition, the embedded derivative component is re-measured at fair value at each reporting date while the debt component is accreted to the face value of the debenture using the effective interest rate through periodic charges to finance expense over the term of the debenture.

(j) Share capital

Common shares and preferred shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12, Income Taxes.

(k) Investment in associates

The Company holds equity investments in associate. An associate is an entity over which the Company has significant influence and is neither a controlled subsidiary nor a jointly controlled entity. The Company has significant influence when it has the power to participate in the financial and operating policy decisions of the associate but does not have control or joint control over those policies.

The Company accounts for equity investments using the equity method. Under the equity method, the Company's investment in an associate is initially recognized at cost and is subsequently increased or decreased to recognize the Company's share of earnings or losses of the associate, and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings or losses of associates are recognized through net income or loss during the year. Cash distribution received from an associate are accounted for as a reduction in the carrying amount of the Company's investment in the associate.

At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired. Objective evidence includes observable data indicating that there is a measurable decrease in the estimated future cash flows of the associate's operations. When there is objective evidence that an investment in an associate is impaired, the carrying amount of such investment is compared to its recoverable amount, being the greater of its fair value less costs of disposal and value in use (i.e. present value of its future cash flows). If the recoverable amount of an investment in an associate is less than its carrying amount, then an impairment loss is recognized in that period. When an impairment loss reverses in a subsequent period, the carrying amount of the investment in an associate is increased to the revised estimate of the recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized through net income or loss in the period in which the reversal occurs.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. Significant accounting policies (continued)

(I) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Expected credit loss

Management determines the expected credit loss by evaluating individual receivable balances and considering a member's financial condition and current economic conditions. Other receivable are written off when deemed uncollectible. Recoveries of other receivables previously written off are recorded as income when received. All other receivables and promissory note receivable are expected to be collected within one year of the statement of financial position date.

Share-based payments

Management is required to make certain estimates when determining the fair value of stock options awards, and the number of awards that are expected to vest. These estimates affect the amount recognized as share-based compensation in the statement of loss and comprehensive loss, based on estimates of forfeiture and expected lives of the underlying stock options.

Warrants

Management is required to make certain estimates on all inputs in the Black-Scholes option-pricing model, when determining the fair value of warrants included in unit financings.

Income taxes and recovery of deferred tax assets

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued)

Fair value of financial instruments

The individual fair values attributed to the different components of a financing transaction, and/or derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments subsequently carried at amortized cost. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Going concern assumption

Going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. The Company can obtain sufficient financing to cover planned operations throughout the next twelve month period and fund the working capital deficiency.

(m) Fair value hierarchy

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of cash and cash equivalents and short term financial instruments approximates their carrying amounts due to the relatively short period to maturity. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels as per the fair value hierarchy.

Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data. Financial instruments measured at fair value include; cash and cash equivalents which are measured as level one. The Company's investment at fair value, convertible note receivable, and derivable liability - debt, are measured at level three.

(n) New standards

Adopted

(a) Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

At January 1, 2019, the Company adopted the following:

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

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3. Significant accounting policies (continued)

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of any termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

There was no material impact as a result of the adoption of this standard by the Company.

Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's consolidated financial statements.

Not yet adopted

Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

Abaxx Technologies Inc.

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3. Significant accounting policies (continued)

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

This amendment is effective for annual periods beginning on or after January 1, 2020. Managements does not anticipate any material impact from the adoption of this policy.

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

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. Non-Controlling Interest

Abaxx Singapore

On November 19, 2018, Abaxx Singapore was incorporated and organized under the laws of Singapore with the Company maintaining 57.98% interest in Abaxx Singapore at the time of incorporation.

Abaxx Clearing

On January 9, 2019, Abaxx Clearing was incorporated and organized under the laws of Singapore. Abaxx Clearing is a wholly-owned subsidiary of Abaxx Singapore.

Abaxx Exchange

On January 9, 2019, Abaxx Exchange was incorporated and organized under the laws of Singapore. Abaxx Exchange is a wholly-owned subsidiary of Abaxx Singapore.

Abaxx Technologies Inc.

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5. Capital risk management

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, comprising share capital, reserves, non-controlling interest, cumulative transaction adjustments, and deficit which at December 31, 2019 totaled \$1,664,897 (2018 - \$5,758,671).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities.

6. Financial risk factors

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for invested assets are categorized into levels within a fair value hierarchy based on the nature of valuation inputs (Level 1, 2 or 3).

The fair value of other financial assets and financial liabilities is considered to be the carrying value when they are of short duration or when the instrument's interest rate approximates current observable market rates.

Where other financial assets and financial liabilities are of longer duration, then fair value is determined using the discounted cash flow method using discount rates based on adjusted observable market rates.

The table below summarizes the assets and liabilities that are included at their fair values in the Company's statement of financial position as at December 31, 2019 and December 31, 2018. These assets and liabilities have been categorized into hierarchical levels, according to the significance and reliability of the inputs used in determining fair value measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices represents unadjusted quoted prices for identical instruments exchanged in active markets.
- Level 2 – significant other observable inputs includes directly or indirectly observable inputs, other than quoted prices for identical instruments exchanged in active markets.
- Level 3 – significant unobservable inputs includes inputs that are not based on observable market data.

Abaxx Technologies Inc.

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6. Financial risk factors (continued)

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2019

	Level 1	Level 2	Level 3	Total
Investment at fair value	-	-	1,000,000	1,000,000
Convertible note receivable	-	-	152,919	152,919
Convertible debenture	\$ -	\$ -	\$ 2,939,705	\$ 2,939,705
	\$ -	\$ -	\$ 4,092,624	\$ 4,092,624

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at December 31, 2018

	Level 1	Level 2	Level 3	Total
Investment at fair value	-	-	863,185	863,185
Convertible note receivable	-	-	181,888	181,888
	\$ -	\$ -	\$ 1,045,073	\$ 1,045,073

Significant inputs

The measurement basis for the convertible note receivable was the binomial method. Significant inputs were the discount rate of 11.24% and the possibility of future return on investment. A 10% fluctuation in the discount rate or the possibility of future return on investment would be immaterial to the consolidated financial statements.

The measurement basis for the investment at fair value was the share price of Abaxx as at December 31, 2019. A 10% fluctuation in the share price of Abaxx would result in a \$100,000 gain or loss on fair value adjustment in the consolidated financial statements.

Derivative liability, refer to note 10.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is attributable to cash and cash equivalents, convertible note receivable, and other receivables. Cash and cash equivalents are on deposit with Canadian and Singaporean chartered bank, from which management believes the risk of loss is remote. Other receivables are due from the Ministry of Revenue from which management believes the risk of loss to be remote. Convertible note receivable is due from an arm's length third party from which management believes the risk of loss to be remote. The Company's maximum exposure to credit risk as at December 31, 2019 and 2018 is the carrying value of cash and cash equivalents, convertible note receivable, and other receivables.

Interest rate risk

The Company has cash and cash equivalents bearing fixed interest rates and no variable interest bearing debt. The Company's has convertible debentures and amounts due from shareholder bearing fixed interest rate and no variable interest bearing component. The Company's current policy is to invest excess cash in investment-grade short term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

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6. Financial risk factors (continued)

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 December 31, 2019, the Company had current assets of \$1,900,985 (2018 - \$2,218,154) to settle current liabilities of \$7,199,592 (2018 - \$295,966). The ability of the Company to continue as a going concern is dependent on its ability to secure additional equity or other financing. All of the Company's financial liabilities have contractual maturities of less than 90 days and are subject to normal trade terms. See note 19 for significant liquidity obtained subsequent to year end.

Market risk

Market risk is the risk of loss that may arise from changes in market forces such as interest rates and foreign exchange rates.

Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar. The Company is exposed to foreign currency risk with respect to the cash balance of \$1,612,374 (2018 - \$48,130) which is denominated in United States dollars.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a 12-month period:

- i) The Company has no variable interest bearing debt at December 31, 2019 and 2018.
- ii) The Company has cash denominated in United States dollars. Sensitivity to a plus or minus 5 percentage point change in exchange rate would lead to a \$80,619 (2018 - \$2,406) gain/loss in the reported comprehensive loss.

7. Investment in associate

Operem Inc

During the year ended December 31, 2018, the Company purchased 2,500,000 shares of Operem's Series A-1 Preferred Stock, representing 100% of the outstanding Preferred A-1 Stock, for total consideration of USD \$2,530,000 (\$3,204,498).

The Series A-1 Preferred Stock of Operem hold the following rights:

- Voting rights, pari passu, with the common shares;
- Priority over common stock in the event of liquidation by Operem with respect to a liquidation preference;
- Automatic conversion into common stock of Operem on the earlier of (i) initial public offering of Operem, or other similar going public event; (ii) a sale of over 50.1% of Operem's securities; or (iii) December 31, 2019; and
- Optional conversion into common stock of Operem at the election of the holder of Series A-1 Preference Stock after the earlier of (i) the closing of a second tranche investment of \$2,500,000 USD by the Company; or (ii) November 15, 2018 (not exercised).

Operem, a Washington based company, is a private US company that provides electronic intellectual property document encryption and sharing through a streamlined licensing process. This process is achieved with the use of artificial intelligence and blockchain technology.

Abaxx Technologies Inc.

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7. Investment in associate (continued)

The Company held 2,500,000 of the outstanding voting shares of Operem which represented a 20% ownership interest as of December 31, 2018. During the year ended December 31, 2019 Operem reduced the total number of outstanding voting shares resulting in the increase of ownership in Operem by the Company to 31.25% as of December 31, 2019.

The Company reports the investment in Operem under the equity method and has recorded the Company's share of the losses of Operem in the consolidated statements of loss and comprehensive loss.

The continuity of investment in associate is as follows:

	Investment in associate
Balance, January 25, 2018	\$ -
Additions	3,204,498
Loss pick-up from associate during the period	(444,778)
Effect of foreign exchange on investment	213,578
Balance, December 31, 2018	2,973,298
Loss pick-up from associate during the year	(218,444)
Effect of foreign exchange on investment	(121,144)
Balance, December 31, 2019	\$ 2,633,710

The table below discloses selected financial information of Operem on a 100% basis. The Company's ownership in Operem is 31.25% (2018 - 20%).

	December 31, 2019	December 31, 2018
Loss and comprehensive loss for the year ended (reported in USD)	\$ 822,328	\$ 1,788,043
Total assets (reported in USD)	\$ 2,734	\$ 858,917
Total liabilities (reported in USD)	\$ 178,529	\$ 144,441

8. Investment at fair value

Pasig and Hudson

During the year ended December 31, 2018, the Company purchased 2,699,410 Common Stock of Pasig and Hudson Private Limited ("P&H"), representing 18% of the outstanding Common Stock, for total consideration of USD \$600,000 in cash and 1,250,000 of common shares of the Company estimated at a fair value of \$0.40 per share based on the recent private placement for the total of \$500,000. In addition, P&H contributed 50% of the work capacity of 2 senior executives for 12 months ending April 2019. The fair value of the work capacity is estimated at USD \$410,000 which was recorded in prepaid expenses as at December 31, 2018. As a result, at the time of recognition the fair value of the investment was \$863,185 (December 31, 2018 - \$863,185).

Pasig and Hudson, a Singapore company, is a private company that provides consulting, advisory, and development services in blockchain and other non-traditional banking solutions.

The Company reports the interest in P&H at fair value with changes in fair value recorded through the Company's statement of loss and comprehensive loss. During the year ended December 31, 2019, the Company reported a gain of \$136,815 in the consolidated statement of loss and comprehensive loss as a result of a change in the fair value of the investment in P&H.

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9. Convertible note receivable

In September 2018, the Company issued an, unsecured convertible debenture to an arms-length party, Smart Crowd Holding Limited ("SCHL") in the amount of USD \$140,000 (CAD \$181,888)

The facility matures on the earlier of i) the liquidity event ii) or the optional conversion date of December 31, 2019.

The liquidity event is defined as any of the following events:

- i) SCHL entered into a binding agreement with an arm's length third party to acquire beneficial ownership of 50% or more of the voting shares of SCHL;
- ii) SCHL entered into a binding agreement to dispose of assets comprising more than half the value of the assets;
- iii) SCHL resolves to amalgamate with any other company, in a transaction that is in substance the same as those described above;
- vi) SCHL enters into a listing agreement with a recognized stock exchange.

The loan is measured at fair value through profit or loss. The fair value adjustment recognized in the year ended December 31, 2019 was \$28,969. The loan has not been repaid as of December 31, 2019.

10. Convertible debenture

In December 2019, the Company issued a 2 year, 8% unsecured convertible promissory note to a shareholder of the Company in the amount of USD \$2,000,000 (CAD \$2,632,000). The expiry date of the convertible debenture is December 23, 2021.

The Company is not entitled to prepay the principal sum outstanding without the prior written consent of the holders of the debentures.

The holder of the debenture may elect to receive the interest accrued and payable for any quarter in cash beginning on March 31, 2020. Should the holder elect payment of interest only in cash, the interest rate of such quarter requested in cash payment will be reduced to 5%.

The holder has the right, at its sole and absolute discretion, at any time up to and including the Maturity Date to convert all of the principal sum outstanding under this Debenture, including any accrued and unpaid or uncanceled interest, into fully paid and non-assessable Common Shares at the Conversion Price which is the lower of: (i) CAD\$0.55 per Common Share; (ii) a twenty percent (20%) discount to the share price of any subsequent equity financing of the Corporation; and (iii) a twenty percent (20%) discount to the share price of any concurrent equity financing undertaken in connection with any Going-Public Transaction, or where there is no such concurrent financing, a twenty percent (20%) discount to the deemed share price at which the outstanding Common Shares are acquired by the legal acquiror in such Going-Public Transaction.

The conversion option created an embedded derivative which meets the definition of a financial liability as it violates "fixed for fixed" criteria and is being denominated in a currency other than the Company's functional currency.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

10. Convertible debenture (continued)

The convertible debenture must be bifurcated and recorded at fair value on initial recognition and at the end of each reporting period. The host contract is a financial liability that is stated at amortized cost using the effective interest method.

The Company estimated the fair value of the derivative liability as \$2,632,000 on issuance date and \$2,939,705 as at December 31, 2019 and \$nil to the host contract on the issuance date. The loan is accreted using an effective interest rate of 46%. There was a fair value adjustment to the derivative liability on December 31, 2019 of \$307,705 due to the revaluation at reporting date, which is recorded through the consolidated statement of loss and comprehensive loss for the year ended December 31, 2019.

Subsequent to December 31, 2019, the holder elected to convert the outstanding debenture and accrued interest.

The fair value of the derivative liability as at December 31, 2019 and issuance date was estimated using bi-nominal valuation model based on the following assumptions:

	December 31, 2019
Share price	\$ 0.80
Strike price	\$ 0.55
Stock price volatility	150 %
Expected life of the derivative liability (years)	2

Inter relationship between key unobservable inputs and fair value measurement as at December 31, 2019::

- If the share price was lower (higher) by 10%, the fair value would decrease (increase) by \$336,417 (\$347,900)
- If the volatility was lower (higher) by 10%, the fair value would decrease (increase) by \$101,930 (\$94,273)

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

11. Share capital

Common shares issued are as follows:

	Number of common shares	Amount
Balance, January 25, 2018	-	\$ -
Founders shares (i)	13,700,000	137,000
Private placement (net of costs) - (ii)	5,033,365	743,820
Private placement - (iii)	13,729,299	5,491,720
Share issued for services (iv)	2,300,000	23,000
Shares issued for investment at fair value (v)	1,250,000	500,000
Private placement (vi)	2,750,000	27,500
Balance, December 31, 2018	38,762,664	\$ 6,923,040
Private placement (viii)	2,112,227	2,112,227
Value of warrants issued (viii)	-	(438,868)
Exercise of warrants (ix)	4,500,000	600,000
Value of warrants exercised (ix)	-	1,336,739
Balance, December 31, 2019	45,374,891	\$ 10,533,138

Common Shares

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued

Shares issued during the year ended December 31, 2019 and 2018, were as follows:

(i) In March 2018, the Company issued 13,700,000 shares for \$0.01 per share to founders of the Company for gross proceeds of \$137,000.

(ii) In March 2018, the Company closed a private placement of 5,033,365 shares at a price of \$0.15 per share for gross proceeds of \$755,005. The Company paid \$11,185 in share issuance costs in connection with the placement.

(iii) In March 2018, the Company closed the first tranche of two of a private placement of 11,532,062 shares at a price of \$0.40 per share for gross proceeds of \$4,612,825.

In July 2018, the Company closed the second tranche a private placement of 2,197,237 shares at a price of \$0.40 per share for gross proceeds of \$878,895.

Collectively the two tranches resulted in the Company issuing 13,729,299 commons shares of the Company for gross proceeds of \$5,491,720.

(iv) In February 2018, the Company issued 2,300,000 shares, at a price of \$0.01 for \$23,000, in exchange for services rendered by a shareholder. The fair value of the services rendered represented the fair value of the shares issued, as such no gain or loss has been recorded on this transaction on the statement of comprehensive loss.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

11. Share capital (continued)

(v) In April 2018, the Company issued 1,250,000 common shares of the Company in exchange for common shares in P&H and services provided at fair value by P&H. The fair value of the shares issued by the Company was \$500,000. See note 8.

(vi) In March 2018, the Company issued 2,750,000 shares of the Company to shareholder of Operem for \$0.01 per share for gross proceeds of \$27,500.

(vii) In April 2019, the Company issued 2,112,227 units, at a price of \$1.00, per unit for gross proceeds of \$2,112,227. Each unit consisted of one common share and one-half share purchase warrant. The warrants have an expiry date of December 31, 2020 and an exercise price of CAD \$2.00. The fair value of the warrants was estimated to be \$438,868 using the Black-Scholes option pricing model with the following weighted average assumptions: share price - CAD \$0.80, exercise price - \$2.00, dividend yield - 0%, expected volatility (based on comparative companies) - 150%, risk-free interest rate - 2.46%, and an expected life of 20 months.

(viii) In January 2019, a shareholder exercised 500,000 warrants for 500,000 shares of the Company at \$0.15 per share. As a result, the fair value of the warrants of \$140,193 was re-allocated to share capital.

In March 2019, a shareholder exercised 4,000,000 warrants for 4,000,000 shares of the Company at \$0.15 per share. As a result, the fair value of the warrants of \$1,121,546 was re-allocated to share capital.

Preferred Shares

(a) Authorized

Unlimited number of preferred shares without par value.

(b) Issued

In March 2018 the Company issued 2,830,000 preferred shares at a price of \$0.40 for aggregate proceeds of \$1,132,000. The preference shares are non-voting and automatically convert on a share-for-share basis into common shares at such time that an initial public offering or similar going public event occurs.

12. Stock options

In October 2018, the Company issued 1,458,000 stock options to employees and directors of the Company exercisable at \$0.40 until October 1, 2023. The fair value of the options was estimated to be \$531,909 using the Black-Scholes option pricing model with the following weighted average assumptions share price - \$0.40, dividend yield - 0%; expected volatility (based on comparative companies) - 150%; risk-free interest rate - 2.42%; and an expected life - 5 years. The options vest 1/3 on issuance, 1/3 12 months from issuance date, and 1/3 24 months from issuance date.

In October 2018, the Company issued 1,400,000 stock options to employees and directors of the Company exercisable at \$1.00 until October 1, 2023. The fair value of the options was estimated to be \$483,598 using the Black-Scholes option pricing model with the following weighted average assumptions share price - \$0.40, dividend yield - 0%; expected volatility (based on comparative companies) - 150%; risk-free interest rate - 2.42%; and an expected life - 5 years. The options vest 1/3 on issuance, 1/3 12 months from issuance date, and 1/3 24 months from issuance date.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

12. Stock options (continued)

In February 2019, the Company issued 385,000 stock options to employees and directors of the Company exercisable at \$0.40 until February 1, 2024. The fair value of the options was estimated to be \$288,935 using the Black-Scholes option pricing model with the following weighted average assumptions share price - \$0.80, dividend yield - 0%; expected volatility (based on comparative companies) - 150%; risk-free interest rate - 1.86%; and an expected life - 5 years. The options vest 1/3 on issuance, 1/3 12 months from issuance date, and 1/3 24 months from issuance date.

In February 2019, the Company issued 160,000 stock options to employees and directors of the Company exercisable at \$1.00 until February 1, 2024. The fair value of the options was estimated to be \$115,239 using the Black-Scholes option pricing model with the following weighted average assumptions share price - \$0.80, dividend yield - 0%; expected volatility (based on comparative companies) - 150%; risk-free interest rate - 1.86%; and an expected life - 5 years. The options vest 1/3 on issuance, 1/3 12 months from issuance date, and 1/3 24 months from issuance date.

During the year ended December 31, 2018 and December 31, 2019 the Company issued

	Number of stock options	Weighted average exercise price
Balance, January 25, 2018	-	\$ -
Issued	2,858,000	0.69
Balance, December 31, 2018	(2,858,000)	\$ 0.69
Issued	545,000	0.58
Cancelled	(593,889)	0.70
Balance, December 31, 2019	2,809,111	\$ 0.67

The following table reflects the stock options issued and outstanding as of December 31, 2019:

Expiry date	Exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options exercisable
October 1, 2023	0.40	3.75	1,164,111	888,667
October 1, 2023	1.00	3.75	1,100,000	850,003
February 1, 2024	0.40	4.09	385,000	128,334
February 1, 2024	1.00	4.09	160,000	56,667
		3.82	2,809,111	1,923,671

During the year ended December 31, 2019, the Company's subsidiary, Abaxx Singapore, issued 765,000 share purchase options at various exercise prices and expiry dates to shareholders, officers and consultants of Abaxx Singapore. The Company has determined the value of these options using the Black-Scholes option pricing model to be of nominal value, and have not recorded a share-based expense in the consolidated statement of loss.

In the event that all outstanding share purchase options are exercised in Abaxx Singapore, the Company will maintain controlling interest.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018
(Expressed in Canadian Dollars)

13. Warrants

During the year ended December 31, 2018 and December 31, 2019 the Company issued

	Number of warrants	Grant date fair value
Balance, January 25, 2018	-	\$ -
Issued (ii)	4,500,000	1,261,739
Balance, December 31, 2018	4,500,000	\$ 1,261,739
Issued (ii)	1,056,113	438,868
Exercised	(4,500,000)	(1,261,739)
Balance, December 31, 2019	1,056,113	\$ 438,868

(i) In August 2018, the Company issued 4,500,000 warrants to a shareholder expiring March 29, 2019. The fair value of the warrants was estimated to be \$1,261,739 using the Black-Scholes option pricing model with the following weighted average assumptions: share price - \$0.40, exercise price - \$0.15, dividend yield - 0%, expected volatility (based on comparative companies) - 150%, risk-free interest rate - 2.24%, and an expected life of 7 months.

In 2019, these warrants were exercised.

(ii) In April 2019, the Company issued 1,056,113 warrants in connection with a private placement expiring December 31, 2020. The fair value of the warrants was estimated to be \$438,868 using the Black-Scholes option pricing model with the following weighted average assumptions: share price - CAD \$0.80, exercise price - CAD \$2.00, dividend yield - 0%, expected volatility - 150%, risk-free interest rate - 2.46%, and an expected life of 20 months.

The following table reflects the warrants issued and outstanding as of December 31, 2019:

Expiry date	Weighted average Exercise price (\$CAD)	Remaining contractual life (years)	Number of options outstanding	Grant date fair value
December 31, 2020	2.00	1	1,056,113	438,868

14. Loss per share

For the year ended December 31, 2019, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$8,412,398 (December 31, 2018 - \$3,827,068) and the weighted average number of common shares outstanding of 43,785,827 (December 31, 2018 - 31,300,182). Diluted loss per share did not include the effect of stock options and share purchase warrants as they are anti-dilutive.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

15. Related party transactions

The following table illustrates the Company's related party transactions throughout the year:

	December 31,	
	2019	2018
Management and Company's Controlled by Management (i)	283,965	253,106
Accounting and CFO Services (ii)	37,976	36,879
Legal Services (iii)	104,563	154,588
Total	\$ 426,504	\$ 444,573

(i) The Company considers key management to be officers and directors.

(ii) The Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc. ("Marrelli"), a firm providing accounting services. Fees paid to Marrelli for accounting and CFO services amounted to \$37,976 (2018 - \$36,879).

(iii) A director of the Company has provided legal services throughout the year. The director is a lawyer at Peterson McVicar LLP. In addition, the director received \$nil in share based compensation during the year ended December 31, 2019 (2018 - \$43,125).

During the year ended December 31, 2019, a shareholder advanced \$1,970,485 (2018 - \$nil) to the Company. The advances bear interest at 8% per annum and have accumulated \$62,172 in interest as at December 31, 2019. The amounts are unsecured and due on demand. See note 19 for changes subsequent to year end.

See note 7 for transactions with the Company's investment in associate.

The Company paid or accrued \$1,223,822 (2018 - \$690,648) in consulting and development services from P&H in the normal course of business. See note 8.

Key management and Directors received \$200,156 in share based compensation during the year ended December 31, 2019 (2018 - \$1,479,967).

Included in accounts payable and accrued liabilities is \$18,547 (2018 - \$19,177) owed to key management and companies controlled by or related to key management.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

16. Income taxes

(a) Provision for income taxes

The following table reconciles the expected income tax provision at the statutory tax rate of 26.50% to the amounts recognized in the statement of loss for the year ended December 31, 2019 and December 31, 2018:

	December 31,	
	2019	2018
Net loss before income taxes	\$ (10,711,939)	\$ (4,142,685)
Expected tax recovery at statutory rates		-
Increase (decrease) resulting from		
Expected income tax (recovery)	(2,838,664)	(1,097,812)
Difference in foreign tax rates	527,978	96,812
Share based compensation and non-deductible expenses	297,867	494,722
Change in tax benefits not recognized	2,012,819	506,278
Total income tax expense (recovery)	\$ -	\$ -

(b) Deferred tax balances

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities at December 31, 2019 and 2018 are as follows:

	December 31,	
	2019	2018
Deferred income tax asset		
Investments	\$ 4,558	\$ -
Deferred tax liabilities		
Convertible debentures	(4,558)	-
Net deferred tax liability	\$ -	\$ -

(c) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	December 31,	
	2019	2018
Intangible assets	166,117	97,207
Investments	425,497	228,155
Share issuance costs - 20(1)(e)	163,531	8,947
Non-capital losses carried forward -Canada	4,744,591	1,036,505
Non-capital losses carried forward -Foreign	6,576,733	1,019,073
Net deferred tax liability	\$ 12,076,469	\$ 2,389,887

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

16. Income taxes (Continued)

(d) Non-capital losses

The Canadian non-capital loss carry forwards expire as noted in the table below.

Share issue and financing costs will be fully amortized in 2022.

The remaining deductible temporary differences may be carried forward indefinitely.

Deferred tax assets have not been recognized in respect of these items because it is no probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

The Company's Canadian non-capital income tax losses expire as follows:

Canada	Year	Tax loss
	2039	1,036,505
	2040	3,708,086
		\$ 4,744,591

17. Commitments

Royalty Payments

During the year ended December 31, 2019, the Company entered into a Royalty Agreement ("Royalty") with its subsidiary Abaxx Singapore. The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019 continuing in perpetuity until the obligation is relinquished by the Company.
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of \$25,000,000 USD in a calendar year.
- There is no interest accrued on royalty payments accrued and not yet paid.

As of December 31, 2019, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the consolidated financial statements.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for \$10,000,000 USD by February 1, 2024.

As of December 31, 2019, the Company has not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

As of the year ended December 31, 2019, this agreement does not have any impact on the consolidated financial statements of the company.

Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas as well as other tradable commodities and applications. ("Exchange Technology").

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

17. Commitments (continued)

During the year ended December 31, 2019 the Company entered into a Master Licensing Agreement (“MLA”) with its majority owned affiliate Abaxx Singapore. As a result of this agreement, the Company has assigned exclusive title rights of use as well as the sub-license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub-licenses the Exchange Technology, in which case as a result of the MLA royalty fees would be as follows:

- An amount equal to 20% of revenues on the first \$2,000,000 USD
- An amount equal to 10% of revenues on the next \$3,000,000 USD
- An amount equal to 5% of revenue on any excess revenue

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of December 31, 2019 no amounts have been accrued by Abaxx Singapore and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements as an asset due to the intellectual property being still under development, no revenues have been generated and commercial viability of the Exchange Technology has not yet been determined.

As of the year ended December 31, 2019, this agreement does not have any impact on the consolidated financial statements of the company.

18. Segmented information

The Company operates in a single segment, being the development and deployment of trust enabling Internet protocols. As at December 31, 2019, the Company's core assets, intellectual property, and development work, is conducted in Singapore.

19. Subsequent events

On January 3, 2020, the Company issued a 2 year, 8% unsecured convertible debenture in the amount of US \$1,000,000 to settle an amount of \$1,298,000 due to shareholder. The terms of the debenture are similar to the terms detailed in Note 10.

On April 1, 2020, the Company issued 720,000 stock options to various officers, consultants and management of the Company and its subsidiaries with exercises prices between \$0.55 - \$1.00 expiring on April 1, 2025.

On May 15, 2020, the Company issued a 2 year, 8% unsecured convertible debenture in the amount of US \$250,000. The terms of the debenture are similar to the terms detailed in Note 10.

On June 1, 2020, the Company issued 155,000 stock options to various officers and consultants of the Company and its subsidiaries with an exercises price of \$0.80 expiring on June 1, 2025.

On August 1, 2020, Abaxx Singapore issued 270,000 stock options to an officer and employee of Abaxx Singapore, with the stock options exercisable at US\$1.00 and expiring on August 1, 2025. The exercise of the stock options would not impact the control of Abaxx Singapore by the Company.

Abaxx Technologies Inc.

Notes to Consolidated Financial Statements

For the year ended December 31, 2019 and for the period from January 25, 2018 (date of incorporation) to December 31, 2018

(Expressed in Canadian Dollars)

19. Subsequent events (continued)

On September 11, 2020, the Company completed a non-brokered private placement of 6,484,020 common shares of the Company at \$0.80 per common share for gross proceeds of \$5,187,216. Officer and directors of the Company did not subscribe under the non-brokered private placement.

On September 11, 2020, the Company issued 300,000 common shares of the Company at \$0.80 per common share to certain consultants of the Company.

On September 18, 2020, the Company entered into a binding arrangement agreement with New Millennium Iron Corp. ("New Millennium"), pursuant to which New Millennium shall acquire all of the issued and outstanding common shares of the Company by way of a business combination constituting a "reverse takeover" of the Company by New Millennium under the policies of the TSX Venture Exchange (the "Transaction").

The Transaction shall be completed by way of a business combination, pursuant to which the holders of the issued and outstanding: (i) Abaxx Common Shares, will each receive at a ratio of 1:0.809 common shares (the "Resulting Issuer Common Shares") of the reporting issuer to Abaxx common shares resulting from the Transaction (the "Resulting Issuer") for each one (1) Abaxx Common Shares held immediately prior to the Transaction; (ii) Abaxx Warrants will have the option to each receive at a ratio of 1:0.203 Resulting Issuer Common Shares or 1:0.809 Resulting Issuer Warrants for each one (1) Abaxx Warrant held immediately prior to the Transaction, with an adjustment to the exercise price of the Resulting Issuer Warrants to reflect the Exchange Ratio, and if the holders of Abaxx Warrants makes no election, Abaxx Warrants held by such holders will automatically convert at the Exchange Ratio into Resulting Issuer Warrants; (c) Abaxx Options, will each receive at a ratio of 1:0.809 options to purchase Resulting Issuer Common Shares ("Resulting Issuer Options") each one (1) Abaxx Option held immediately prior to the Transaction, with an adjustment to the exercise price to reflect the exchange ratio; and, (d) common shares of New Millennium ("New Millennium Shares"), will each receive 0.0833 Resulting Issuer Common Shares for each New Millennium Shares held immediately prior to the Transaction pursuant to a 12 for 1 New Millennium Share consolidation, to be completed prior to the closing of the Transaction.

The Transaction is subject to completion of the New Millennium reorganization with TS Global Minerals Holdings Pte. Ltd., Tata Steel Minerals Canada Ltd., and TSMUK Ltd. and the approval of the Toronto Stock Exchange, the TSX Venture Exchange and the Shareholders of the Company and New Millennium.

ABAXX TECHNOLOGIES INC.
UNAUDITED CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2020 AND 2019

Abaxx Technologies Inc.

Unaudited Condensed Interim Consolidated Statements of Financial Position (Expressed in Canadian Dollars) (Unaudited)

	As at June 30, 2020	As at December 31, 2019 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 31,217	\$ 1,707,372
Other receivables	43,805	35,672
Prepaid expenses	5,022	5,022
Convertible note receivable (note 6)	152,919	152,919
Total current assets	232,963	1,900,985
Non-current assets		
Investment in associate (note 4)	2,748,934	2,633,710
Investments at fair value (note 5)	1,000,000	1,000,000
Total assets	\$ 3,981,897	\$ 5,534,695
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 2,371,382	\$ 2,227,230
Amount due to shareholders (note 12)	504,995	2,032,657
Convertible debenture - debt (note 7)	1,176,412	-
Convertible debenture - derivative liability (note 7)	4,571,450	2,939,705
Total liabilities	8,624,239	7,199,592
Equity (Deficiency)		
Share capital - common shares (note 8)	10,533,138	10,533,138
Share capital - preferred shares (note 8)	1,132,000	1,132,000
Contributed surplus (note 9)	1,488,098	1,101,026
Warrants (note 10)	438,868	438,868
Cumulative translation adjustment	(25,376)	(15,305)
Retained earnings (Deficit)	(14,782,286)	(12,239,466)
Total equity (deficit) of Abaxx Technologies Inc.	(1,215,558)	950,261
Non-controlling interest	(3,426,784)	(2,615,158)
Total deficit	(4,642,342)	(1,664,897)
Total equity (deficit) and liabilities	\$ 3,981,897	\$ 5,534,695

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Nature of operations and going concern (note 1)
Subsequent events (note 15)

Approved on behalf of the Board:

s/ "Joshua Crumb"

s/ "Dennis Peterson"

Abaxx Technologies Inc.

Unaudited Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended Jun 30, 2020	Three months ended Jun 30, 2019	Six months ended Jun 30, 2020	Six months ended Jun 30, 2019
Operating expenses				
Development	\$ 484,824	\$ 3,265,375	\$ 970,845	\$ 4,016,611
Salaries and wages (note 12)	245,590	361,304	535,357	566,843
Loss on investment under equity method (note 4)	2,522	73,806	7,145	222,046
Professional fees (note 12)	23,273	177,471	156,475	359,807
Travel, marketing and promotion	12,417	120,476	78,644	249,639
Interest on convertible debentures (note 7)	84,640	-	172,413	-
General and administrative	32,223	40,002	38,019	45,193
Regulatory expenses	-	1,804	210	2,857
Interest expense (note 12)	9,871	-	21,138	42,410
Share-based compensation	298,694	218,749	387,072	557,484
Loss before following items:	(1,181,661)	(4,258,987)	\$ (2,367,318)	\$ (6,020,480)
Foreign exchange loss (gain) (note 7)	184,937	(161,670)	302,668	(196,263)
Interest and accretion expenses	489,512	-	1,003,999	-
Fair value adjustment of derivative liability (note 7)	7,422	-	(319,539)	-
Net Loss for the period	(1,863,532)	(4,097,317)	(3,354,446)	(5,824,217)
Net loss attributable to:				
Shareholders of the Company	\$ (1,548,201)	\$ (2,725,207)	\$ (2,542,820)	\$ (4,136,437)
Non-controlling interest	(315,331)	(1,372,110)	(811,626)	(1,687,780)
Net loss for the period	\$ (1,863,532)	\$ (4,097,317)	\$ (3,354,446)	\$ (5,824,217)
Cumulative translation adjustment	8,911	2,415	10,071	19,547
Comprehensive loss for the period	\$ (1,854,621)	\$ (4,094,902)	\$ (3,344,375)	\$ (5,804,670)
Comprehensive loss attributable to:				
Shareholders of the Company	\$ (1,539,290)	\$ (2,722,792)	\$ (2,532,749)	\$ (4,116,890)
Non-controlling interest	(315,331)	(1,372,110)	(811,626)	(1,687,780)
Comprehensive loss for the period	\$ (1,854,621)	\$ (4,094,902)	\$ (3,344,375)	\$ (5,804,670)
Basic and diluted net loss per share (note 11)	\$ (0.03)	\$ (0.06)	\$ (0.06)	\$ (0.10)
Weighted average number of common shares outstanding	45,374,891	44,980,299	45,374,891	41,956,024

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Abaxx Technologies Inc.

Unaudited Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Operating activities		
Net loss for the period	\$ (3,354,446)	\$ (5,824,217)
Adjustments for:		
Interest on convertible debentures	172,413	-
Accretion of convertible debentures	1,003,999	-
Share-based compensation	387,072	557,484
Effects of foreign exchange on investment in associate	(122,369)	-
Loss (income) pick-up from investment in associate	7,145	222,045
Interest on shareholder loans	21,138	42,410
Fair value adjustment on convertible debentures	(319,539)	-
Changes in non-cash working capital items:		
Other receivables	(8,133)	(7,874)
Prepaid expenses	-	1,096,299
Accounts payable and accrued liabilities	144,152	2,881,600
Net cash used in operating activities	(2,068,568)	(1,032,253)
Financing activities		
Proceeds from private placements, net of issue costs	-	2,112,227
Proceeds from exercise of warrants	-	600,000
Amounts due to shareholder	(250,000)	(1,746,137)
Convertible debentures issued	352,350	-
Proceeds from founder shares issued, net of costs	-	599,952
Net cash provided by financing activities	102,350	1,566,042
Effect of foreign currencies on cash	290,063	-
Net change in cash and cash equivalents	(1,676,155)	533,789
Cash and cash equivalents, beginning of period	1,707,372	916,300
Cash and cash equivalents, end of period	\$ 31,217	\$ 1,450,189

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Abaxx Technologies Inc.

Unaudited Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Common shares	Preferred shares	Contributed surplus	Warrants	Non-controlling interest	Cumulative translation adjustment	Deficit	Total
Balance, January 1, 2019	\$ 6,923,040	\$ 1,132,000	\$ 465,541	\$ 1,261,739	\$ (315,617)	\$ 119,036	\$ (3,827,068)	\$ 5,758,671
Issued in private placement	1,673,359	-	-	438,868	-	-	-	2,112,227
Warrants exercised	1,936,739	-	-	(1,261,739)	-	-	-	675,000
Share based payments	-	-	557,484	-	-	-	-	557,484
Cumulative translation on foreign operations	-	-	-	-	-	(19,547)	-	(19,547)
Net loss for the period	-	-	-	-	(1,687,780)	-	(4,136,437)	(5,824,217)
Balance, June 30, 2019	10,533,138	\$ 1,132,000	\$ 1,023,025	\$ 438,868	\$ (2,003,397)	\$ 99,489	\$ (7,963,505)	\$ 3,259,618
Balance, January 1, 2020	\$ 10,533,138	\$ 1,132,000	\$ 1,101,026	\$ 438,868	\$ (2,615,158)	\$ (15,305)	\$ (12,239,466)	\$ (1,664,897)
Share-based payments	-	-	387,072	-	-	-	-	387,072
Cumulative translation on foreign operations	-	-	-	-	-	(10,071)	-	(10,071)
Net loss for the period	-	-	-	-	(811,626)	-	(2,542,820)	(3,354,446)
Balance, June 30, 2020	\$ 10,533,138	\$ 1,132,000	\$ 1,488,098	\$ 438,868	\$ (3,426,784)	\$ (25,376)	\$ (14,782,286)	\$ (4,642,342)

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Abaxx Technologies Inc. ("Abaxx" or the "Company") was incorporated on January 25, 2018 under the laws of the Canada Business Corporation Act. The primary office of the Company is located at 18 King Street East, Suite 902, Toronto ON M5C 1C4, Canada.

Abaxx is a technology company engaged in development and deployment of trust enabling internet protocols.

Going concern

The unaudited condensed interim consolidated financial statements have been prepared on the basis of the going concern assumption, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include any adjustments to amounts and classifications of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material. See note 15 for events after the reporting period.

As at June 30, 2020, the Company had working capital deficit of \$8,391,276, had not yet reached profitable operations, has accumulated deficit of \$14,782,286, and expects to incur further losses in the development of its business. The ability of the Company to ensure continuing operations is dependent on the Company's ability to raise sufficient funds to finance development activities.

These circumstances represent material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern and ultimately the appropriateness of the use of accounting principles applicable to a going concern.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods. The Company is closely monitoring the business environment to ensure minimal disruption to business operations.

2. Statement of compliance

These unaudited condensed consolidated interim financial statements for the three and six months ended June 30, 2020, including comparatives, have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. These unaudited condensed consolidated interim financial statements may not include all information and note disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and therefore, should be read in conjunction with the annual audited financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS.

The Board of Directors approved the unaudited condensed interim consolidated financial statements on October 20, 2020.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

3. Significant accounting policies

(a) Basis of presentation

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis other than the Company's financial instruments which are measured at fair value. In addition, these unaudited condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(b) Significant accounting policies

The same accounting policies are applied in these unaudited condensed consolidated interim financial statements as those disclosed in the notes to the annual consolidated financial statements for the year ended December 31, 2019.

Significant accounting judgments and estimates:

The preparation of these unaudited condensed interim consolidated financial statements under IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and revenue and expenses. The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation were the same as those described in the last audited consolidated financial statements.

New standards:

Adopted

Definition of a Business (Amendments to IFRS 3)

The IASB has issued Definition of a Business (Amendments to IFRS 3) to clarify the definition of a business for the purpose of determining whether a transaction should be accounted for as an asset acquisition or a business combination. The amendments:

- clarify the minimum attributes that the acquired assets and activities must have to be considered a business
- remove the assessment of whether market participants can acquire the business and replace missing inputs or processes to enable them to continue to produce outputs
- narrow the definition of a business and the definition of outputs
- add an optional concentration test that allows a simplified assessment of whether an acquired set of activities and assets is not a business

The amendment came into effect on January 1, 2020 and had no material impact on the Company's consolidated financial statement.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

3. Significant accounting policies (continued)

Not yet adopted

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

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2022. There is currently a proposal in place to extend effective date for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

4. Investment in associate

Operem Inc

During the year ended December 31, 2018, the Company purchased 2,500,000 shares of Operem's Series A 1 Preferred Stock, representing 100% of the outstanding Preferred A 1 Stock, for total consideration of USD \$2,530,000 (\$3,204,498).

The Series A-1 Preferred Stock of Operem hold the following rights:

- Voting rights, pari passu, with the common shares;
- Priority over common stock in the event of liquidation by Operem with respect to a liquidation preference;
- Automatic conversion into common stock of Operem on the earlier of (i) initial public offering of Operem, or other similar going public event; (ii) a sale of over 50.1% of Operem's securities; or (iii) December 31, 2019; and
- Optional conversion into common stock of Operem at the election of the holder of Series A-1 Preference Stock after the earlier of (i) the closing of a second tranche investment of \$2,500,000 USD by the Company; or (ii) November 15, 2018 (not exercised).

Operem is a Washington based company private US company that provides electronic intellectual property document encryption and sharing through a streamlined licensing process. This process is achieved with the use of artificial intelligence and blockchain technology.

The Company held 2,500,000 of the outstanding voting shares of Operem which represented a 31.25% (2019 - 31.25%) ownership interest as of June 30, 2020.

The Company reports the investment in Operem under the equity method and has recorded the Company's share of the losses of Operem in the unaudited condensed interim consolidated statements of loss and comprehensive loss.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

4. Investment in associate (continued)

The continuity of investment in associate is as follows:

	Investment in associate
Balance, January 1, 2019	\$ 2,973,298
Loss pick-up from associate during the year	(222,046)
Effects of foreign exchange on investment	(313,100)
Balance, June 30, 2019	\$ 2,438,152
Balance, January 1, 2020	2,633,710
Loss pick up from associate during the period	(7,145)
Effects of foreign exchange on investment	122,369
Balance, June 30, 2020	\$ 2,748,934

5. Investment at fair value

Pasig and Hudson

During the year ended December 31, 2018, the Company purchased 2,699,410 Common Stock of Pasig and Hudson Private Limited ("P&H"), representing 18% of the outstanding Common Stock, for total consideration of USD \$600,000 in cash and 1,250,000 of common shares of the Company estimated at a fair value of \$0.40 per share based on the recent private placement for the total of \$500,000. At the time of recognition the fair value of the investment was \$863,185 (December 31, 2018 - \$863,185) and subsequently remeasured to \$1,000,000 as of December 31, 2019 and June 30, 2020.

The Company reports the interest in P&H at fair value with changes in fair value recorded through the Company's statement of loss comprehensive loss. During the period ended June 30, 2020 (June 30, 2019 - nil), there was no change in fair value in the investment in P&H.

6. Convertible note receivable

In September 2018, the Company issued an, unsecured convertible debenture to an arms-length party, Smart Crowd Holding Limited ("SCHL") in the amount of USD \$140,000 (CAD \$181,888)

The facility matures on the earlier of i) the liquidity event ii) or the optional conversion date of December 31, 2019.

The liquidity event is defined as any of the following events:

- i) SCHL entered into a binding agreement with an arm's length third party to acquire beneficial ownership of 50% or more of the voting shares of SCHL;
- ii) SCHL entered into a binding agreement to dispose of assets comprising more than half the value of the assets;
- iii) SCHL resolves to amalgamate with any other company, in a transaction that is in substance the same as those described above;
- vi) SCHL enters into a listing agreement with a recognized stock exchange.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

6. Convertible note receivable (continued)

Since the loan does not meet a Solely Payments of Principal and Interest test ("SPPI"), it is measured at fair value through profit or loss. There was no fair value adjustment recognized in the period ended June 30, 2020. The loan has not been repaid as of June 30, 2020.

7. Convertible debenture

In December 2019, the Company issued a 2 year, 8% unsecured convertible promissory note to a shareholder of the Company in the amount of USD \$2,000,000 (CAD \$2,632,000) ("Debenture 1"). The expiry date of the convertible debenture is December 23, 2021.

During the six months period ended June 30, 2020, the Company converted shareholder loan into a 2 year, 8% unsecured convertible promissory note in the amount of USD \$1,000,000 (CAD \$1,298,000) ("Debenture 2"). The expiry date of the convertible debenture is January 3, 2022.

During the six months period ended June 30, 2020, the Company issued a 2 year, 8% unsecured convertible promissory note to a shareholder of the Company in the amount of USD \$250,000 (CAD \$352,350) ("Debenture 3"). The expiry date of the convertible debenture is May 15, 2022.

The Company is not entitled to prepay the principal sum outstanding without the prior written consent of the holders of the debentures.

The holders of the debentures may elect to receive the interest accrued and payable for any quarter. Should the holder elect payment of interest only in cash, the interest rate of such quarter requested in cash payment will be reduced to 5%.

The note holders have the right, at their sole and absolute discretion, at any time up to and including the Maturity Date to convert all of the principal sum outstanding under this Debenture, including any accrued and unpaid or uncanceled interest, into fully paid and non assessable Common Shares at the Conversion Price which is the lower of: (i) CAD\$0.55 per Common Share; (ii) a twenty percent (20%) discount to the share price of any subsequent equity financing of the Corporation; and (iii) a twenty percent (20%) discount to the share price of any concurrent equity financing undertaken in connection with any Going Public Transaction, or where there is no such concurrent financing, a twenty percent (20%) discount to the deemed share price at which the outstanding Common Shares are acquired by the legal acquiror in such Going Public Transaction.

The conversion option created an embedded derivative which meets the definition of a financial liability as it violates "fixed for fixed" criteria and it is being denominated in a currency other than the Company's functional currency.

Accordingly, it must be bifurcated and recorded at fair value on initial recognition and at the end of each reporting period. The host contract is a financial liability that is stated at amortized cost using the effective interest method.

The Company estimated the fair value of Debenture 1 as \$2,632,000 on issuance date and \$2,794,483 and \$2,939,705 as at June 30, 2020 and December 31, 2019 respectively. The loan is accreted using an effective interest rate of 46% is estimated at \$784,195 as at June 30, 2020 (December 31, 2019 - nil)

The Company estimated the fair value of Debenture 2 as \$1,298,800 on issuance date and \$1,404,923 as at June 30, 2020. The loan is accreted using an effective interest rate of 46% is estimated at \$368,719 as at June 30, 2020.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

7. Convertible debenture (continued)

The Company estimated the fair value of Debenture 3 as \$352,350 on issuance date and \$372,044 as at June 30, 2020. The loan is accreted using an effective interest rate of 46% is estimated at \$23,498 as at June 30, 2020.

During the six and three months period ended June 30, 2020 the Company recorded a fair value adjustment (gain) to the derivative liability of (\$319,539) and \$7,422 and a foreign exchange loss of \$145,950 and \$325,300 (June 30, 2019- nil).

During the six and three months period ended June 30, 2020 the Company recorded in its statements of loss and comprehensive loss interest and accretion expenses related to the loans of \$1,176,412 and \$574,152 respectively (June 30, 2019- nil).

Subsequent to June 30, 2020, the holders elected to convert the outstanding debenture and accrued interest upon closing of a "Going-Public Transaction".

The fair value of the derivative liability as at June 30, 2020 and December 31, 2019 was estimated using bi-nominal valuation model based on the following assumptions:

	June 30 2020	December 31, 2019
Share price	\$ 0.80	\$ 0.80
Strike price	\$ 0.55	\$ 0.55
Stock price volatility	150 %	150 %
Expected life of the derivative liability (years)	1.48-1.88	2.00

Inter relationship between key unobservable inputs and fair value measurement as at June 30, 2020:

- If the share price was lower (higher) by 10%, the fair value would decrease (increase) by \$347,077 (\$358,927)
- If the volatility was lower (higher) by 10%, the fair value would decrease (increase) by \$105,160 (\$97,261)

8. Share capital

Common shares issued are as follows:

	Number of common shares	Amount
Balance, January 1, 2019	38,762,664	\$ 6,923,040
Private placement	2,112,227	2,112,227
Value of warrants issued	-	(438,868)
Warrants exercised	4,500,000	600,000
Value of warrants exercised	-	1,336,739
Balance, June 30, 2019, December 31, 2019 and June 30, 2020	45,374,891	\$ 10,533,138

Common Shares

Authorized

Unlimited number of common shares without par value.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

8. Share capital (continued)

Preferred Shares

Authorized

Unlimited number of preferred shares without par value.

9. Stock options

In April 2020, the Company issued 653,334 stock options to employees and directors of the Company exercisable at \$0.55 until April 1, 2025. The fair value of the options was estimated to be \$484,263 using the Black-Scholes option pricing model with the following weighted average assumptions share price - \$0.80, dividend yield - 0%; expected volatility (based on comparative companies) - 150%; risk-free interest rate - 1.86%; and an expected life - 5 years. The options vest 1/3 on issuance, 1/3 12 months from issuance date, and 1/3 24 months from issuance date.

In April 2020, the Company issued 66,666 stock options to employees and directors of the Company exercisable at \$1.00 until April 1, 2025. The fair value of the options was estimated to be \$48,016 using the Black Scholes option pricing model with the following weighted average assumptions share price \$0.80, dividend yield 0%; expected volatility (based on comparative companies) 150%; risk free interest rate 1.85%; and an expected life 5 years, forfeiture rate- 0%. The options vest 1/3 on issuance, 1/3 12 months from issuance date, and 1/3 24 months from issuance date.

In June 2020, the Company issued 155,000 stock options to employees and directors of the Company exercisable at \$0.80 until June 1, 2025. The fair value of the options was estimated to be \$112,935 using the Black Scholes option pricing model with the following weighted average assumptions share price \$0.80, dividend yield 0%; expected volatility (based on comparative companies) 150%; risk free interest rate 1.84%; and an expected life 5 years, forfeiture rate- 0%. The options vest 1/3 on issuance, 1/3 12 months from issuance date, and 1/3 24 months from issuance date.

During six and three months period ended June 30, 2020, the company recorded stock-based compensation of \$387,072 and \$298,694 respectively in its statements of loss and comprehensive loss (June 30, 2019- \$557,484 and \$218,749).

During the period ended June 30, 2020 and 2019 the Company issued

	Number of stock options	Weighted average exercise price
Balance, January 1, 2019	2,858,000	\$ 0.69
Issued	545,000	0.58
Balance, June 30, 2019	3,403,000	\$ 0.60
Balance, January 1, 2020	2,809,111	\$ 0.67
Issued	875,000	0.63
Forfeited	(187,777)	0.72
Balance, June 30, 2020	3,496,334	\$ 0.66

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

9. Stock options (continued)

The following table reflects the stock options issued and outstanding as of June 30, 2020:

Expiry date	Exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options exercisable
October 1, 2023	0.40	3.25	1,076,334	717,556
October 1, 2023	1.00	3.25	1,000,000	666,670
February 1, 2024	0.40	3.59	385,000	256,668
February 1, 2024	1.00	3.59	160,000	110,000
April 1, 2025	0.55	4.76	653,334	217,778
April 1, 2025	1.00	4.76	66,666	22,222
June 1, 2025	0.80	4.92	155,000	51,667
		3.41	3,496,334	2,042,561

In the event that all outstanding share purchase options are exercised in Abaxx Singapore, the Company will maintain controlling interest.

10. Warrants

During the period ended June 30, 2020 and 2019 the Company issued

	Number of warrants	Grant date fair value
Balance, January 1, 2019	4,500,000	\$ 1,261,739
Issued	1,056,113	438,868
Exercised	(4,500,000)	(1,261,739)
Balance, June 30, 2019, December 31, 2019 and June 30, 2020	1,056,113	\$ 438,868

The following table reflects the warrants issued and outstanding as of June 30, 2020:

Expiry date	Exercise price (\$CAD)	Weighted average remaining contractual life (years)	Number of warrants outstanding	Grant date fair value
December 31, 2020	2.00	0.50	1,056,113	438,868

11. Loss per share

For the six months ended June 30, 2020, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$2,542,820 (June 30, 2019 - \$4,136,437) and the weighted average number of common shares outstanding of 45,374,891 (June 30, 2019 - 41,956,024). Diluted loss per share did not include the effect of stock options and share purchase warrants as they are anti-dilutive.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

12. Related party transactions

The Company considers key management to be officers and directors. During the three and six months ended June 30, 2020 and June 30, 2019, the Company paid or accrued fees of \$22,500 and \$45,000 (2019 - \$22,500 and \$45,000) to key management and companies controlled by or related to key management.

In addition, the Chief Financial Officer ("CFO") of the Company is a senior employee of Marrelli Support Services Inc ("Marrelli"), a firm providing accounting services. Fees paid to Marrelli for accounting and CFO services for the three and six months ended June 30, 2020 and June 30, 2019 amounted to \$9,802 and \$18,995 (2019 - \$9,411 and \$18,645)

A director of the Company has provided legal services throughout the year. The director is a lawyer at Peterson McVicar LLP. Fees paid to Peterson for the three and six months ended June 30, 2020 and June 30, 2019 amounted to \$8,974 and \$36,689 (2019 - \$34,381 and \$48,434)

During the period ended June 30, 2020, the Company repaid \$250,000 in previously outstanding amounts due to a shareholder. No accrued interest or fees were paid as a result of the repayment.

The Company also converted \$1,000,000 USD (\$1,298,800 CAD) in previously outstanding shareholder advances into Debenture 2. See note 7. During the three and six months ended June 30, 2020 and June 30, 2019, the Company accrued \$9,871 and \$21,138 (2019 - \$nil and \$42,410) in interest owed to shareholders.

See note 4 for transactions with the Company's investment in associate.

During the three and six months ended June 30, 2020 and June 30, 2019, the Company paid or accrued \$nil and \$9,500 (2019 - \$388,921 and \$551,953) in consulting and development services from P&H in the normal course of business. See note 5.

Included in accounts payable and accrued liabilities is \$85,394 (December 31, 2019 - \$18,547) owed to key management and companies controlled by or related to key management.

13. Commitments

Royalty Payments

During the year ended December 31, 2019, the Company entered into a Royalty Agreement ("Royalty") with its subsidiary Abaxx Singapore. The Royalty payment contains the following terms:

- Abaxx Singapore will accrue and pay a royalty equal to 2% of gross revenue to the Company, payable quarterly as of April 1, 2019 continuing in perpetuity until the obligation is relinquished by the Company.
- The amounts payable become due to the Company after Abaxx Singapore generates positive earnings before income tax and depreciation of \$25,000,000 USD in a calendar year.
- There is no interest accrued on royalty payments accrued and not yet paid.

As of June 30, 2020, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the unaudited condensed consolidated interim financial statements.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

13. Commitments (continued)

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for \$10,000,000 USD by February 1, 2024.

As of June 30, 2020, the Company has not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

As of the year ended June 30, 2020, this agreement does not have any impact on the consolidated financial statements of the company.

Transfer of Intellectual Property and License Agreement

The Company has developed proprietary digital technology and intellectual property for application to exchange trading and clearing for commodities and financial products including liquid natural gas as well as other tradable commodities and applications. ("Exchange Technology").

During the year ended December 31, 2019 the Company entered into a Master Licensing Agreement ("MLA") with its majority owned affiliate Abaxx Singapore. As a result of this agreement, the Company has assigned exclusive title rights of use as well as the sub-license rights to the Exchange Technology by way of a master license agreement.

The Company maintains ownership of the intellectual property licensing in the MLA.

Abaxx Singapore has agreed to pay the Company earnings if in the future it sub-licenses the Exchange Technology, in which case as a result of the MLA royalty fees would be as follows:

- An amount equal to 20% of revenues on the first \$2,000,000 USD
- An amount equal to 10% of revenues on the next \$3,000,000 USD
- An amount equal to 5% of revenue on any excess revenue

Payments from Abaxx Singapore under these agreements are due monthly to the Company. As of June 30, 2020 no amounts have been accrued by Abaxx Singapore and no amounts have been recorded as receivable by the Company under either a royalty agreement or the MLA.

The Company has not recorded the benefits under either of these agreements as an asset due to the intellectual property being still under development, no revenues have been generated and commercial viability of the Exchange Technology has not yet been determined.

As of the year ended June 30, 2020, this agreement does not have any impact on the consolidated financial statements of the company.

14. Segmented information

The Company operates in a single segment, being the development and deployment of trust enabling Internet protocols. As at June 30, 2020, the Company's core assets, intellectual property, and development work, is conducted in Singapore.

Abaxx Technologies Inc.

Notes to Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2020 and 2019

(Expressed in Canadian Dollars)

Unaudited

15. Subsequent events

On August 1, 2020, Abaxx Singapore issued 270,000 stock options to an officer and employee of Abaxx Singapore, with the stock options exercisable at US\$1.00 and expiring on August 1, 2025. The exercise of the stock options would not impact the control of Abaxx Singapore by the Company.

On September 11, 2020, the Company completed a non-brokered private placement of 6,484,020 common shares of the Company at \$0.80 per common share for gross proceeds of \$5,187,216. Officer and directors of the Company did not subscribe under the non-brokered private placement.

On September 11, 2020, the Company issued 300,000 common shares of the Company at \$0.80 per common share to certain consultants of the Company.

On September 18, 2020, the Company entered into a binding arrangement agreement with New Millennium Iron Corp. ("New Millennium"), pursuant to which New Millennium shall acquire all of the issued and outstanding common shares of the Company by way of a business combination constituting a "reverse-takeover" of the Company by New Millennium under the policies of the TSX Venture Exchange (the "Transaction").

The Transaction shall be completed by way of a business combination, pursuant to which the holders of the issued and outstanding: (i) Abaxx Common Shares, will each receive at a ratio of 1:0.809 common shares (the "Resulting Issuer Common Shares") of the reporting issuer to Abaxx common shares resulting from the Transaction (the "Resulting Issuer") for each one (1) Abaxx Common Shares held immediately prior to the Transaction; (ii) Abaxx Warrants will have the option to each receive at a ratio of 1:0.203 Resulting Issuer Common Shares or 1:0.809 Resulting Issuer Warrants for each one (1) Abaxx Warrant held immediately prior to the Transaction, with an adjustment to the exercise price of the Resulting Issuer Warrants to reflect the Exchange Ratio, and if the holders of Abaxx Warrants makes no election, Abaxx Warrants held by such holders will automatically convert at the Exchange Ratio into Resulting Issuer Warrants; (c) Abaxx Options, will each receive at a ratio of 1:0.809 options to purchase Resulting Issuer Common Shares ("Resulting Issuer Options") each one (1) Abaxx Option held immediately prior to the Transaction, with an adjustment to the exercise price to reflect the exchange ratio; and, (d) common shares of New Millennium ("New Millennium Shares"), will each receive 0.0833 Resulting Issuer Common Shares for each New Millennium Shares held immediately prior to the Transaction pursuant to a 12 for 1 New Millennium Share consolidation, to be completed prior to the closing of the Transaction.

The Transaction is subject to completion of the New Millennium reorganization with TS Global Minerals Holdings Pte. Ltd., Tata Steel Minerals Canada Ltd., and TSMUK Ltd. and the approval of the Toronto Stock Exchange, the TSX Venture Exchange and the Shareholders of the Company and New Millennium.

SCHEDULE C

**PRO FORMA CONSOLIDATED FINANCIAL
STATEMENT OF THE RESULTING ISSUER**

Abaxx Technologies Inc.

Unaudited Pro Forma Consolidated Financial Statements

(Expressed in Canadian Dollars)

June 30, 2020

Abaxx Technologies Inc.

Pro Forma Consolidated Statement of Financial Position

As at June 30, 2020

(Unaudited - Expressed in Canadian Dollars)

	New Millennium At June 30, 2020 \$	Abaxx Technologies At June 30, 2020 \$	Note Ref.	Pro Forma Adjustments At June 30, 2020 \$	Pro Forma Consolidated At June 30, 2020 \$
Assets					
Current assets					
Cash	6,826,831	31,217	3 (d) 3 (g) 3 (i)	5,187,216 (504,995) (716,527)	10,823,742
Marketable securities	5,207,491	-			5,207,491
Prepaid and other current	47,084	5,022			52,106
Accounts receivable	101,701	43,805			145,506
Convertible note receivable		152,919			152,919
Total current assets	12,183,107	232,963		3,965,694	16,381,764
Land	343,371	-			343,371
Investment in associate	-	2,748,934			2,748,934
Investments at fair value	5,495,000	1,000,000	3 (b)	(5,495,000)	1,000,000
Total assets	18,021,478	3,981,897		(1,529,306)	20,474,069
Liabilities					
Current liabilities					
Amounts payable and other liabilities	209,351	2,371,382	3 (h)	1,671,196	4,251,929
Amount due to shareholders	-	504,995	3 (g)	(504,995)	-
Convertible debenture-debt	-	1,176,412	3 (c)	(1,176,412)	-
Convertible debenture-derivative liability	-	4,571,450	3 (c)	(4,571,450)	-
Total current liabilities	209,351	8,624,239		(4,581,661)	4,251,929
Long-term trade and other payables	716,527	-	3 (i)	(716,527)	-
Total liabilities	925,878	8,624,239		(5,298,188)	4,251,929
Equity					
Share capital					
Common shares	177,584,512	10,533,138	3 (a)	1,132,000	189,249,650
Common shares			3 (b)	(5,495,000)	(5,495,000)
Common shares			3 (b)	(172,089,512)	(172,089,512)
Common shares			3 (c)	5,747,862	5,747,862
Common shares			3 (d)	5,187,216	5,187,216
Common shares			3 (e)	427,847	427,847
Common shares			3 (e)	150,000	150,000
Common shares			3 (e)	240,000	240,000
Common shares			3 (f)	438,868	438,868
Share capital		1,132,000	3 (a)	(1,132,000)	-
Contributed surplus	22,432,336	1,488,098	3 (b)	(22,432,336)	1,488,098
Warrants		438,868	3 (f)	(438,868)	-
Non-controlling interest	238,351	(3,426,784)			(3,188,433)
Accumulated other comprehensive loss	(5,149,751)	(25,376)			(5,175,127)
Deficit	(178,009,848)	(14,782,286)	3 (b),(e)	192,032,805	(759,329)
Total equity	17,095,600	(4,642,342)		3,768,883	16,222,141
Total liabilities and equity	18,021,478	3,981,897		(1,529,306)	20,474,069

See accompanying notes to the unaudited pro-forma consolidated financial statements

Abaxx Technologies Inc.
Notes to the Pro Forma Consolidated Statement of Financial Position
June 30, 2020
(Expressed in Canadian dollars)
(Unaudited)

1. Basis of presentation

The accompanying unaudited pro forma consolidated statement of financial position of Abaxx Technologies Inc. ("Abaxx") has been prepared by management to reflect the amalgamation of Abaxx with New Millennium Iron Corp. ("New Millennium") after giving effect to the proposed business combination (the "Transaction") as described in Note 2.

The unaudited pro forma consolidated statement of financial position should be read in conjunction with related historical financial information.

The unaudited pro forma consolidated statement of financial position has been prepared using accounting policies and practices consistent with those used in the preparation of New Millennium's and Abaxx 's recent financial statements, both of which are prepared under International Financial Reporting Standards ("IFRS"). In the opinion of management, the unaudited pro forma consolidated financial statements include all adjustments necessary for fair presentation.

Certain significant estimates have been made by management in the preparation of these unaudited pro forma consolidated financial statements, in particular, the fair value of the equity consideration given by Abaxx.

The unaudited pro forma consolidated statement of financial position as at June 30, 2020 has been compiled from:

- The statement of financial position of New Millennium as at June 30, 2020 obtained from the unaudited condensed interim consolidated financial statements of New Millennium for the three and six months ended June 30, 2020.
- The consolidated statement of financial position of Abaxx as at June 30, 2020 obtained from the unaudited condensed interim consolidated financial statements of Abaxx for the three and six ended June 30, 2020.

The unaudited pro forma consolidated statement of financial position has been prepared as if the transaction had occurred as of June 30, 2020. The unaudited pro forma consolidated statement of financial position has been prepared for illustration purposes only and may not be indicative of the combined results or financial position had the Transaction been in effect at the date indicated.

2. Transaction

On September 18, 2020, New Millennium and Abaxx entered into a business combination agreement (the "Definitive Agreement") pursuant to which the Issuer will acquire indirectly all of the issued and outstanding Abaxx Shares in exchange for common shares in the capital of New Millennium (the "Resulting Issuer Shares"), as applicable, at an exchange ratio of one (1) common share of Abaxx for 0.809 Resulting Issuer Shares (the "Exchange Ratio"). In connection with the Transaction, assuming a Closing Date of November 30, 2020, an aggregate of approximately 51,236,334 Issuer Shares will be issued in exchange of 63,332,923 Abaxx Common Shares. The Transaction will be effected by a business combination by way a statutory plan of arrangement Section 192 of the CBCA. Upon completion of the Transaction, Abaxx will become a wholly-owned subsidiary of New Millennium.

Abaxx Technologies Inc.
Notes to the Pro Forma Consolidated Statement of Financial Position
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(Expressed in Canadian dollars)
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The Transaction will constitute a reverse takeover of New Millennium in as much as the former Abaxx Shareholders will own (on a non-diluted basis) approximately 82.2% of the outstanding Resulting Issuer Shares immediately after the implementation of the Business Combination and the Share Consolidation. See “*Part IV – Information Concerning the Resulting Issuer*”.

The principal features of the Business Combination may be summarized as follows:

- (a) each Abaxx Preference Share outstanding immediately prior to the Effective Time will be converted into Abaxx Common Shares in accordance with the terms of the Abaxx Preference Shares.
- (b) the principal sum and all accrued unpaid interest outstanding of the Abaxx Convertible Debentures immediately prior to the Effective Time will be converted into Abaxx Common Shares at the Conversion Price (CAD\$0.55 per Abaxx Common Share).
- (c) the principal sum and all accrued unpaid interest outstanding of the ACX Convertible Debentures immediately prior to the Effective Time will be converted into ACX Common Shares at a price of US\$1.00 per ACX Common Share.
- (d) all Abaxx Common Shares held by holders who have exercised their rights of dissent under the application provisions of the CBCA (“Abaxx Dissenting Shares”) will be deemed to have been assigned and transferred to the Issuer and the holders of such Abaxx Dissenting Shares will cease to have any rights as Abaxx Shareholders other than the right to be paid fair value of their Abaxx Common Shares;
- (e) each other Abaxx Common Share shall be deemed assigned and transferred to New Millennium and the holder thereof shall receive that number of Resulting Issuer Shares as is equal to the number of Abaxx Common Shares held by such Abaxx Shareholder immediately prior to the Effective Time multiplied by the Exchange Ratio;
- (f) each Abaxx Warrant outstanding immediately prior to the Effective Time shall be exchanged, at the election of the holder thereof, for either 0.203 Resulting Issuer Shares or 0.809 Resulting Issuer Warrants. Each such Resulting Issuer Warrant issued shall be exercisable into Resulting Issuer Shares on the same terms and conditions as the original outstanding Abaxx Warrants. In the event a holder of Abaxx Warrants fails to make an election, each Abaxx Warrant held by such holder shall automatically convert into 0.809 Resulting Issuer Warrants;
- (g) each Abaxx Option outstanding immediately prior to the Effective Time shall be exchange for Resulting Issuer Options, in accordance with the Exchange Ratio, with each such Resulting Issuer Option being exercisable into Resulting Issuer Shares on the same terms and conditions as the original outstanding Abaxx Options (subject to the terms and conditions of the Issuer SOP);
- (h) Abaxx and a wholly-owned subsidiary of New Millennium (“Subco”) will amalgamate and continue as one corporation under the provisions of the CBCA and, as a result, the property and liabilities of Subco and Abaxx will become the property and liabilities of Amalco.

Abaxx Technologies Inc.
Notes to the Pro Forma Consolidated Statement of Financial Position
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On the Effective Date, immediately following the completion of the Business Combination, and subject to the approval of the shareholders of New Millennium (the "Issuer Shareholders") at the Issuer Shareholders' meeting, New Millennium shall file articles of amendment to give effect to the Share Consolidation. Upon completion of the Transaction, the Abaxx Common Shares will have been deemed exchange at a ratio of one Abaxx Common Share for 0.809 post-Share Consolidation Resulting Issuer Share at the deemed price of \$0.99 per Resulting Issuer Share.

The completion of the Transaction contemplated by the Definitive Agreement is subject to certain conditions precedent, including but not limited to (a) obtaining all necessary regulatory approvals, including final TSXV and if applicable, Court approvals, of the Transaction; (b) the approval by the Issuer Shareholders of the Share Consolidation, the Name Change and other transactions comprising part of the Transaction; (c) the approval of the Abaxx Shareholders of the Transaction; (d) completion of the Tata Restructuring; (e) completion of the Abaxx Debenture Conversion; and (f) other customary conditions.

3. Pro forma assumptions and adjustments

(a) Convertible Preferred Shares

In March 2018, Abaxx issued 2,830,000 preferred shares at a price of \$0.40 for aggregate proceeds of \$1,132,000. The preference shares are non-voting and automatically convert on a share for share basis into common shares at such time that an initial public offering or similar going public event occurs.

(b) New Millennium share consolidation and Tata restructuring

On September 18, 2020, the Company entered into a binding arrangement agreement with New Millennium Iron Corp. ("New Millennium"), pursuant to which New Millennium shall acquire all of the issued and outstanding common shares of the Company by way of a business combination constituting a "reverse takeover" of the Company by New Millennium under the policies of the TSX Venture Exchange (the "Transaction"). Simultaneous with the Transaction, New Millennium expects to close a reorganization of its relationship with the Tata Steel Group. These two steps will determine the final share capital (issued and outstanding common shares) of New Millennium prior to the reverse takeover.

The first step is the Tata restructuring that New Millennium expects to close as part of a reorganization of its relationship with the Tata Steel Group. On August 5, 2020, TS Global Minerals Holdings Pte. Ltd. ("TSGMH"), Tata Steel Minerals Canada Ltd. ("TSMC") and TSMUK LTD ("TSMUK", and together with TSGMH and TSMC, the "Tata Steel Group") and New Millennium entered into a reorganization agreement (the "Restructuring Agreement") to complete a reorganization of their relationship (the "Tata Restructuring") as follows:

- (1) The Issuer will sell and transfer its 4.32% interest in TSMC to TSMUK, representing its entire interest, or undertake a similar transaction with a similar effect.
- (2) The Issuer will purchase for cancellation the 47,402,908 Issuer Shares held by TSGMH, representing TSGMH's entire interest, or undertake a similar transaction with a similar effect, following which TSGMH will own no Issuer Shares.
- (3) Subject to the obligations contained in the Restructuring Agreement, all outstanding payables between the Issuer, on the one hand, and the Tata Steel Group, on

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Notes to the Pro Forma Consolidated Statement of Financial Position
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the other hand, will be settled between the parties and the parties will enter into a mutual release.

The investment at fair value of \$5,495,000 was transferred to equity to reflect the effect of the Tata restructuring.

The second step (Share Consolidation) following the Tata Restructuring, relates to New Millennium's updated share capital of 133,651,238 shares issued and outstanding. At the Issuer Shareholders' Meeting, the shareholders of New Millennium will be asked to approve the Share Consolidation of its 133,651,238 Shares on the basis of 12 pre-Share Consolidation to one (1) post-Share Consolidation resulting in 11,137,603 of the resulting issuers shares. New Millennium has scheduled an Issuer Shareholders' Meeting for November 13, 2020 and if the Share Consolidation is approved thereat, New Millennium will complete the Share Consolidation shortly thereafter.

(c) Convertible debentures

(i) On January 3, 2020, the Company settled \$1,298,000 in shareholder loans with a \$1,000,000 USD convertible debenture to the Company. The convertible debenture bears interest at 8% annually and the holder hereof has a conversion right to convert the principal and accrued interest under the convertible debenture into common shares of the Company at a price of \$0.55 per common share. The convertible debenture was issued to Joshua Crumb, a director and chief executive officer of the Company. The convertible debenture automatically converts into common shares of the Company at \$0.55 per share upon successful completed of a Reverse Takeover transaction or similar successful public listing offering.

(ii) On May 15, 2020, issued a convertible debenture carrying a principal of \$250,000 to a shareholder of the Company. This convertible debenture bears interest at 8% annually and the holder hereof has a conversion right to convert the principal and accrued interest under the convertible debenture into common shares of the Company at a price of \$0.55 per common share. The convertible debenture automatically converts into common shares of the Company at \$0.55 per share upon successful completed of a Reverse Takeover transaction or similar successful public listing offering.

(iii) In December 2019, the Company issued a 2-year, 8% unsecured convertible promissory note to a shareholder of the Company in the amount of USD \$2,000,000 (CAD \$2,632,000). The expiry date of the convertible debenture is December 23, 2021.

The total of US\$3,250,000 convertible debentures along with accrued interest were converted in to 6,711,192 shares of the Resulting Issuer.

(d) Private placement

On September 11, 2020, the Company completed a non-brokered private placement of 6,484,020 common shares of the Company at \$0.80 per common share for gross proceeds of \$5,187,216. Officer and directors of the Company did not subscribe under the non-brokered private placement.

(e) Shares to Consultants

On September 11, 2020, the Company issued 300,000 common shares of the company at \$0.80 per common share to consultants as consideration for services provided to the Company. These

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common shares convert at exchange ratio of one Abaxx Common Share for 0.809 Resulting Issuer Share (242,700). The consideration of \$240,000 was reflected in shareholder's deficit.

On the successful closing of a Transaction entered into or announced during the term of the advisory agreement dated November 30, 2018 between New Millennium and Cairn Merchant Partners LP ("Cairn"), or within 12 months of its expiry or termination thereof, the Resulting Issuer will pay the Cairn an advisory fee of \$423,569 (the "Success Fee"), such Success Fee to be paid in at a share price of \$0.80 per Abaxx share. These common shares convert at exchange ratio of one Abaxx Common Share for 0.809 Resulting Issuer Share for 427,847 shares of the Resulting Issuer.

On the successful closing of a Transaction entered into or announced during the term of the agreement dated July 24, 2020 between Abaxx and Cormark Securities Inc. ("Cormark"), or within 12 months of its expiry or termination, the Company will pay the Cormark an advisory fee and other fees of \$300,000 with a portion of the Success Fee (\$150,000) to be paid at \$0.80 per common share convert at exchange ratio of one Abaxx Common Share for 0.809 in Resulting Issuer Shares (151,687).

(f) Abaxx Warrants

At the election of each individual holder of 1,056,114 Abaxx Warrants, each Abaxx Warrant outstanding immediately prior to the Effective Time shall be converted into:

- (i) A Resulting Issuer Warrant to acquire, on the same terms and conditions as were applicable to such Abaxx Warrant immediately before the Effective Time under relevant agreement under which it was issued, the number of Resulting Issuer Shares (rounded down to the nearest whole number) equal to the product of: (A) the number of Abaxx Shares subject to such Abaxx Warrant immediately before the Effective Time and (B) the Exchange Ratio. The exercise price per Resulting Issuer Share subject to any such Resulting Issuer Warrant shall be an amount (rounded up to the nearest one-hundredth of a cent) equal to the quotient of (A) the exercise price per Abaxx Share subject to such Abaxx Warrant immediately before the Effective Time divided by (B) the Exchange Ratio, provided that the exercise price otherwise determined shall be increased to the extent, if any, required to ensure that the in the money amount of the converted Abaxx Warrant immediately after the conversion is not greater than the In the money amount of the converted Abaxx Warrant immediately before the conversion. The obligations of Abaxx under the Abaxx Warrants, as applicable, as so converted shall be assumed by Abaxx; or
- (ii) 0.203 of a fully paid and non-assessable Resulting Issuer Share,

and if a holder of Abaxx Warrants fails to make such an election, each Abaxx Warrant held by such holder shall automatically convert into 0.203 Resulting Issuer Share. This pro forma statement assumes the Abaxx Warrants will be converted into share of the resulting issuer.

(g) Shareholders loan

The amount due to shareholders has been settled in full.

(h) Transaction costs accrued

Transaction costs accrued includes legal, audit, commission and other expenses related to the completion of the Transaction.

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Notes to the Pro Forma Consolidated Statement of Financial Position
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(i) Long-term trade and other payables

The long-term trade and other payables will be settled in full in cash on the closing of the transaction.

4. Pro forma share capital

		New Millennium At June 30, 2020	Abaxx Technologies At June 30, 2020	Note Ref.	Pro Forma Adjustments At June 30, 2020	Pro Forma Consolidated At June 30, 2020
		#	#		#	#
Common share - New Millennium		181,054,146			(181,054,146)	-
Share Capital - Abaxx Technologies			45,374,891		(45,374,891)	-
Share Capital - Abaxx Technologies			2,830,000	3 (a)	(2,830,000)	-
Share Capital - Resulting Issuer	Common shares				36,708,287	36,708,287
Share Capital - Resulting Issuer	Common shares			3 (a)	2,289,470	2,289,470
Share Capital - Resulting Issuer	Common shares			3 (b)	11,137,603	11,137,603
Share Capital - Resulting Issuer	Common shares			3 (c)	6,711,192	6,711,192
Share Capital - Resulting Issuer	Common shares			3 (d)	5,245,572	5,245,572
Share Capital - Resulting Issuer	Common shares			3 (e)	423,569	423,569
Share Capital - Resulting Issuer	Common shares			3 (e)	151,687	151,687
Share Capital - Resulting Issuer	Common shares			3 (e)	242,700	242,700
Share Capital - Resulting Issuer	Common shares			3 (f)	214,384	214,384
Total Shares		181,054,146	48,204,891			63,124,464

		New Millennium At June 30, 2020	Abaxx Technologies At June 30, 2020	Note Ref.	Pro Forma Adjustments At June 30, 2020	Pro Forma Consolidated At June 30, 2020
		\$	\$		\$	\$
Common share - New Millennium		177,584,512		3 (b)	(177,584,512)	-
Share Capital - Abaxx Technologies			10,533,138		(10,533,138)	-
Share Capital - Abaxx Technologies			1,132,000	3 (a)	(1,132,000)	-
Share Capital - Resulting Issuer	Common shares			3 (a)	10,533,138	10,533,138
Share Capital - Resulting Issuer	Common shares			3 (a)	1,132,000	1,132,000
Share Capital - Resulting Issuer	Common shares			3 (c)	5,747,862	5,747,862
Share Capital - Resulting Issuer	Common shares			3 (d)	5,187,216	5,187,216
Share Capital - Resulting Issuer	Common shares			3 (e)	427,847	427,847
Share Capital - Resulting Issuer	Common shares			3 (e)	150,000	150,000
Share Capital - Resulting Issuer	Common shares			3 (e)	240,000	240,000
Share Capital - Resulting Issuer	Common shares			3 (f)	438,868	438,868
Total Share Capital		177,584,512	11,665,138			23,856,932

SCHEDULE D

RESULTING ISSUER STOCK OPTION PLAN

ABAXX TECHNOLOGIES INC.

2020 INCENTIVE STOCK OPTION PLAN

ARTICLE 1 GENERAL

1.1 Purpose

The purpose of this Plan is to advance the interests of Abaxx Technologies Inc. (the “**Company**”) by (i) providing Eligible Persons with additional performance incentives; (ii) encouraging stock ownership by Eligible Persons; (iii) increasing the proprietary interest of Eligible Persons in the success of the Company; (iv) encouraging Eligible Persons to remain with the Company or its Affiliates; and (v) attracting new employees, officers, directors and Consultants to the Company or its Affiliates.

1.2 Administration

- (a) The Committee will administer this Plan. All references hereinafter to the term “**Board**” will be deemed to be references to the Committee. Notwithstanding the foregoing, if at any time the Committee has not been appointed by the Board, this Plan will be administered by the Board and in such event references herein to the Committee shall be construed to be a reference to the Board.
- (b) Subject to the limitations of this Plan, the Board has the authority: (i) to grant Options to purchase Shares to Eligible Persons; (ii) to determine the terms, including the limitations, restrictions and conditions, if any, upon such grants; (iii) to interpret this Plan and to adopt, amend and rescind such administrative guidelines and other rules and Regulations relating to this Plan as it may from time to time deem advisable, subject to required prior approval by any applicable regulatory authority and/or stock exchange; and (iv) to make all other determinations and to take all other actions in connection with the implementation and administration of this Plan as it may deem necessary or advisable. The Board’s guidelines, rules, Regulations, interpretations and determinations will be conclusive and binding upon all parties.

1.3 Interpretation

For the purposes of this Plan, the following terms will have the following meanings unless otherwise defined elsewhere in this Plan:

“**Act**” means the *Securities Act* (Ontario);

“**Affiliate**” means any corporation that is an affiliate of the Company as defined in the Act;

“**Affiliated Entity**” means with respect to the Company, a person or company that controls or is controlled by the Company or that is controlled by the same person or company that controls the Company;

“**Associate**”, where used to indicate a relationship with any person or company, means: (i) any company of which such person or company beneficially owns, directly or indirectly, voting securities carrying more than ten (10) per cent of the voting rights attached to all voting securities of the company for the time being outstanding; (ii) any partner of that person or company; (iii) any trust or estate in which such person or company has a substantial beneficial interest or as to which such person or company serves as trustee or in a similar capacity; (iv) any relative of that person who resides in the same home as that person; (v) any

person who resides in the same home as that person and to whom that person is married, or any person of the opposite sex or the same sex who resides in the same home as that person and with whom that person is living in a conjugal relationship outside marriage; or (vi) any relative of a person mentioned in clause (v) who has the same home as that person;

“Blackout Period” means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of confidential information pertaining to the Company;

“Board” means the board of Directors of the Company;

“Change of Control” means the occurrence of any one or more of the following events:

- (a) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;
- (b) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Company and/or any of its Subsidiaries which have an aggregate book value greater than 30% of the book value of the assets, rights and properties of the Company and its Subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Company in the course of a reorganization of the assets of the Company and its subsidiaries;
- (c) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (d) any person, entity or group of persons or entities acting jointly or in concert (an **“Acquiror”**) acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the Act) to cast or to direct the casting of 20% or more of the votes attached to all of the Company’s outstanding Voting Securities which may be cast to elect directors of the Company or the successor corporation (regardless of whether a meeting has been called to elect directors);
- (e) as a result of or in connection with: (A) a contested election of directors, or; (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisitions involving the Company or any of its affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Company for election to the Board shall not constitute a majority of the Board; or
- (f) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

“Committee” means the Company’s Compensation Committee, duly appointed by the Board from time to time;

“Company” means Abaxx Technologies Inc.;

“Consultants” means individuals, including advisors, other than employees and officers and directors of the Company or an Affiliated Entity that are engaged to provide consulting, technical, management or other services to the Company or any Affiliated Entity for an initial, renewable or extended period of twelve months or more under a written contract between the Company or the Affiliated Entity and the individual or a company of which the individual consultant is an employee or shareholder or a partnership of which the individual consultant is an employee or partner;

“Eligible Person” means, subject to the Regulations and to all applicable law, any employee, officer, director, or Consultant of (i) the Company or (ii) any Affiliated Entity (and includes any such person who is on a leave of absence authorized by the Board or the board of directors of any Affiliated Entity);

“Exchange” means the stock exchange on which the Shares are listed, if any;

“Holding Company” means a holding company wholly-owned and controlled by an Eligible Person;

“Insider” means an insider as defined in the Act;

“Merger and Acquisition Transaction” means:

- (a) any merger,
- (b) any acquisition,
- (c) any amalgamation,
- (d) any offer for Shares of the Company which if successful would entitle the offeror to acquire more than 50% of the voting securities of the Company,
- (e) any arrangement or other scheme of reorganization, or
- (f) any consolidation, that results in a Change of Control

“Option” means a right granted to an Eligible Person to purchase Shares pursuant to the terms of this Plan;

“Participant” means an Eligible Person to whom or to whose RRSP or to whose Holding Company an Option has been granted;

“Plan” means the Company’s 2020 Incentive Stock Option Plan, as same may be amended from time to time;

“Regulations” means the regulations made pursuant to this Plan, as same may be amended from time to time;

“Retirement” in respect of a Participant means the Participant ceasing to be an employee, officer, director or Consultant of the Company or an Affiliated Entity after attaining a stipulated age in accordance with the Company’s normal retirement policy or earlier with the Company’s consent;

“Retirement Date” means the date that a Participant ceases to be an employee, officer, director or Consultant of the Company or an Affiliated Entity due to the Retirement of the Participant;

“RRSP” means a registered retirement savings plan;

“Shares” means the common shares in the capital of the Company;

“**Subsidiary**” means a corporation which is a subsidiary of the Company as defined under the *Securities Act* (Ontario);

“**Termination**” means: (i) in the case of an employee, the termination of the employment of the employee with or without cause by the Company or an Affiliated Entity or cessation of employment of the employee with the Company or an Affiliated Entity as a result of resignation or otherwise other than the Retirement of the employee; (ii) in the case of an officer or director, the removal of or failure to re-elect or re-appoint the individual as an officer or director of the Company or an Affiliated Entity (other than through the Retirement of an officer); and (iii) in the case of a Consultant, the termination of the services of a Consultant by the Company or an Affiliated Entity (other than through the Retirement of a Consultant);

“**Termination Date**” means the date on which a Participant ceases to be an Eligible Person due to the Termination of the Participant;

“**Transfer**” includes any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which possession, legal title or beneficial ownership passes from one person to another, or to the same person in a different capacity, whether or not voluntary and whether or not for value, and any agreement to effect any of the foregoing; and

“**Voting Securities**” means Shares and/or any other securities (other than debt securities) that carry a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine.

This Plan is to be governed by and interpreted in accordance with the laws of the Province of Ontario. The Company and each Participant hereby attorn to the jurisdiction of the Courts of Ontario.

1.4 Shares Reserved under the Share Option Plan

- (a) The aggregate maximum number of Shares available for issuance from treasury under this Plan at any given time is 10% of the Company’s issued and outstanding Shares as at the date of grant of an Option under the Plan, subject to adjustment or increase of such number pursuant to Section 3.2. Any Shares subject to an Option which has been granted under the Plan and which have been cancelled, repurchased, expired or terminated in accordance with the terms of the Plan without having been exercised will again be available under the Plan.
- (b) The aggregate number of Shares reserved for issuance pursuant to Options granted to Insiders at any given time, or within a twelve-month period, shall not exceed 10% of the total number of Shares then outstanding, unless disinterested shareholder approval is obtained. The aggregate number of Shares reserved for issuance pursuant to Options granted to any one person or entity within any twelve-month period shall not exceed 5% of the total number of Shares then outstanding unless disinterested shareholder approval is obtained.
- (c) The aggregate number of Options granted to any one Consultant in any twelve-month period must not exceed 2% of the issued and outstanding Shares, calculated at the date the Option was granted.
- (d) The aggregate number of Options granted to persons employed to provide investor relations activities, as such term is defined by the Exchange, if applicable, in any twelve-month period must not exceed 2% of the issued and outstanding Shares, calculated at the date the Option was granted.

- (e) For purposes of this Section 1.4, the number of Shares then outstanding shall mean the number of Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option.

ARTICLE 2

OPTION GRANTS AND TERMS OF OPTIONS

2.1 Grants

Subject to this Plan, the Board will have the authority to determine the limitations, restrictions and conditions, if any, in addition to those set out in this Plan, applicable to the exercise of an Option, including, without limitation, the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Shares acquired upon exercise of the Option, and the nature of the events, if any, and the duration of the period in which any Participant's rights in respect of Shares acquired upon exercise of an Option may be forfeited. An Eligible Person, an Eligible Person's RRSP and an Eligible Person's Holding Company may receive Options on more than one occasion under this Plan and may receive separate Options on any one occasion.

2.2 Exercise of Options

- (a) Options granted can be exercisable for a maximum of 10 years from the date of grant or such lesser period as determined by the Board at the time of such grant.
- (b) Where the expiry date for an Option occurs during a Blackout Period, the expiry date for such Option shall be extended to the date that is 10 business days following the end of such Blackout Period.
- (c) The Board may determine when any Option will become exercisable and may determine that the Option will be exercisable immediately upon the date of grant, or in instalments or pursuant to a vesting schedule, in accordance with the rules of the Exchange. Notwithstanding the foregoing, unless the Board determines otherwise, and subject to the other provisions of this Plan, Options issued pursuant to this Plan are subject to a vesting schedule as follows:
 - (i) $\frac{1}{3}$ upon the first anniversary of grant;
 - (ii) $\frac{1}{3}$ upon the second anniversary of grant; and
 - (iii) $\frac{1}{3}$ upon the third anniversary of grant.
- (d) Notwithstanding section 2.2(c) above, Options granted to Consultants performing investor relations activities, as such term is defined by the Exchange, if applicable, must vest in stages over twelve months with no more than $\frac{1}{4}$ of the Options vesting in any three month period.
- (e) No fractional Shares may be issued and the Board may determine the manner in which fractional Share value will be treated.
- (f) A minimum of 100 Shares must be purchased by a Participant upon exercise of Options at any one time, except where the remainder of Shares available for purchase pursuant to Options granted to such Participant totals less than 100.

- (g) The date on which an Option will be deemed to have been granted under this Plan will be the date on which the Committee authorizes the grant of such Option.

2.3 Option Price and Date

The Board will establish the exercise price of an Option at the time each Option is granted provided that such price shall not be less than:

- (a) If the Shares are listed on the TSX Venture Exchange, the Market Price (as such term is defined in TSX Venture Exchange Policy 1.1) of the Shares; or
- (b) If the Shares are listed on the Toronto Stock Exchange, the volume weighted average trading price (calculated in accordance with the rules and policies of the Toronto Stock Exchange) of the Shares, or another stock exchange where the majority of the trading volume and value of the Shares occurs, for the five trading days immediately preceding the day the option is granted; or
- (c) If the Shares are not listed on either the TSX Venture Exchange or the Toronto Stock Exchange, the applicable minimum price in accordance with the rules of the stock exchange on which the Shares are listed at the time of the grant; or
- (d) If the Shares are not listed on any stock exchange, the minimum exercise price as determined by the Board.

2.4 Grant to Participant's RRSP or Holding Company

Upon written notice from an Eligible Person, any Option that might otherwise be granted to that Eligible Person, will be granted, in whole or in part, to an RRSP or a Holding Company established by and for the sole benefit of the Eligible Person.

2.5 Termination, Retirement or Death

- (a) Termination.
 - (i) In the event of the Termination with cause of a Participant, each Option held by the Participant, the Participant's RRSP or the Participant's Holding Company will cease to be exercisable on the earlier of the expiry of its term and the Termination Date, or such longer or shorter period as determined by the Board, to a maximum period of up to one year after the Termination Date.
 - (ii) In the event of the Termination or Retirement of a Participant, each Option held by the Participant, the Participant's RRSP or the Participant's Holding Company will cease to be exercisable within a period of 90 days after the Termination Date or Retirement Date, as the case may be, or such longer or shorter period as determined by the Board. For greater certainty, such determination of a longer or shorter period may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of: (i) the expiry date of such Option; and (ii) 12 months following the Termination Date or Retirement Date, as the case may be, of the Participants. The Board may delegate authority to the Chief Executive Officer of the Company to make any determination with respect to the expiry or termination

date of Options held by any departing Participant, other than a departing non-management director or the Chief Executive Officer.

- (iii) If any portion of an Option has not vested on the Termination Date or Retirement Date, as the case may be, the Participant, the Participant's RRSP or the Participant's Holding Company may not, after the Termination Date or Retirement Date, as the case may be, exercise such portion of the Option which has not vested, provided that the Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer to make any determination with respect to vesting of Options or any portion thereof held by any departing Participant, other than a departing non-management director or the Chief Executive Officer.
 - (iv) Without limitation, and for greater certainty only, this subsection 2.5(a) will apply regardless of whether the Participant was dismissed with or without cause and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the Option to vest.
- (b) Death.
- (i) If a Participant dies, the legal representatives of the Participant may exercise the Options held by the Participant, the Participant's RRSP and the Participant's Holding Company within a period after the date of the Participant's death as determined by the Board, and for greater certainty such determination may be made at any time subsequent to the date of grant of the Options, provided that no Option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of such Option; and (ii) 12 months following the date of death of the Participant, but only to the extent the Options were by their terms exercisable on the date of death.
 - (ii) The Board may determine at any time, including for greater certainty at any time subsequent to the date of grant of the Options, that such portion of the Option vests automatically or pursuant to a vesting schedule determined by the Board. The Board may delegate authority to the Chief Executive Officer to make any determination with respect to the expiry or termination date of Options or vesting of Options or any portion thereof held by any deceased Participant, other than a departing non-management director or the Chief Executive Officer.
 - (iii) If the legal representative of a Participant who has died exercises the Option of the Participant or the Participant's RRSP or the Participant's Holding Company in accordance with the terms of this Plan, the Company will have no obligation to issue the Shares until evidence satisfactory to the Company has been provided by the legal representative that the legal representative is entitled to act on behalf of the Participant, the Participant's RRSP or the Participant's Holding Company to purchase the Shares under this Plan.

2.6 Option Agreements

Each Option must be confirmed, and will be governed, by an agreement in a form (which may, but need not be, in the form of Schedule "A" hereto) determined by the Board and signed by the Company and the Participant or an RRSP of which the Participant is an annuitant or the Participant's Holding Company.

2.7 Payment of Option Price

The exercise price of each Share purchased under an Option must be paid in full by bank draft or certified cheque at the time of exercise, and upon receipt of payment in full, but subject to the terms of this Plan, the number of Shares in respect of which the Option is exercised will be duly issued as fully paid and non-assessable. Share certificates representing the number of Shares in respect of which the Option has been exercised will be issued only upon payment in full of the relevant exercise price to the Company.

2.8 Acceleration of Vesting

In the event of a Change of Control, all Options outstanding shall be immediately exercisable, notwithstanding any determination of the Board pursuant to Section 2.2 hereof, if applicable. Notwithstanding the vesting schedule for an Option that is specified in an agreement granting an Option or in this Plan, the Committee shall have the right with respect to any one or more Participants in this Plan to accelerate the time at which an option may be exercised.

2.9 Merger and Acquisition

In the event of a Merger and Acquisition Transaction or proposed Merger and Acquisition Transaction:

- (a) subject to Section 2.8, the Committee may, in a fair and equitable manner, determine the manner in which all unexercised option rights granted under this Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such rights;
- (b) the Committee or any company which is or would be the successor to the Company or which may issue securities in exchange for Shares upon the Merger and Acquisition Transaction becoming effective may offer any Participant the opportunity to obtain a new or replacement option over any securities into which the Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Shares under Option and the Exercise Price (and otherwise substantially upon the terms of the Option being replaced, or upon terms no less favorable to the Participant) including, without limitation, the periods during which the Option may be exercised and expiry dates; and in such event, the Participant shall, if he accepts such offer, be deemed to have released his Option over the Common Shares and such Option shall be deemed to have lapsed and be cancelled; or
- (c) the Committee may exchange for or into any other security or any other property or cash, any Option that has not been exercised, upon giving to the Participant to whom such Option has been granted at least 30 days written notice of its intention to exchange such Option, and during such notice period, the Option, to the extent it has not been exercised, may be exercised by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such notice period, the unexercised portion of the Option shall lapse and be cancelled.

Subsections (a), (b), and (c) of this Section 2.9 are intended to be permissive and may be utilized independently of, successively with, or in combination with each other and Section 2.8, and nothing therein

contained shall be construed as limiting or affecting the ability of the Committee to deal with Options in any other manner. All determinations by the Committee under this Section 2.9 will be final, binding and conclusive for all purposes.

2.10 Amendment of Option Terms

Subject to the prior approval of any applicable regulatory authorities and/or stock exchange (as required) and the consent of the Participant affected thereby, the Board may amend or modify any outstanding Option in any manner to the extent that the Board would have had the authority to initially grant the Option as so modified or amended, including without limitation, to change the date or dates as of which, or the price at which, an Option becomes exercisable, provided however, that the consent of the Participant shall not be required where the rights of the Participant are not adversely affected.

ARTICLE 3 MISCELLANEOUS

3.1 Prohibition on Transfer of Options

Options are non-assignable and non-transferable.

3.2 Capital Adjustments

If there is any change in the outstanding Shares by reason of a stock dividend or split, recapitalization, consolidation, combination or exchange of shares, or other fundamental or similar corporate change, the Board will make, subject to any prior approval required of relevant stock exchanges or other applicable regulatory authorities, if any, an appropriate substitution or adjustment in (i) the exercise price of any unexercised Options under this Plan; (ii) the number or kind of shares or other securities reserved for issuance pursuant to this Plan; and (iii) the number and kind of shares subject to unexercised Options theretofore granted under this Plan; provided, however, that no substitution or adjustment will obligate the Company to issue or sell fractional shares. In the event of the reorganization of the Company or the amalgamation or consolidation of the Company with another corporation, the Board may make such provision for the protection of the rights of Eligible Persons, Participants, their RRSPs and their Holding Companies as the Board in its discretion deems appropriate. The determination of the Board, as to any adjustment or as to there being no need for adjustment, will be final and binding on all parties.

The grant of an Option shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure or to merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

3.3 Non-Exclusivity

Nothing contained herein will prevent the Board from adopting other or additional compensation arrangements for the benefit of any Eligible Person or Participant, subject to any required regulatory or shareholder approval.

3.4 Renegotiation of Options

Subject to the prior consent of the Exchange, an Option, to the extent that it has not been exercised, may be renegotiated in accordance with the rules and policies of the Exchange.

3.5 Amendment and Termination

Subject to the requisite shareholder and regulatory approvals set forth under subparagraphs 3.5(a) and (b) below, the Board may from time to time amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such amendment or revision may, without the consent of the Optionee, in any manner adversely affect his rights under any Option theretofore granted under the Plan.

- (a) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan:
 - (i) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
 - (ii) any change to the definition of the eligible participants which would have the potential of broadening or increasing insider participation;
 - (iii) the addition of any form of financial assistance;
 - (iv) any amendment to a financial assistance provision which is more favourable to participants;
 - (v) any addition of a cashless exercise feature, payable in cash or securities which does not provide for a full deduction of the number of underlying securities from the Plan reserve;
 - (vi) the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company;
 - (vii) a discontinuance of the Plan; and
 - (viii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to eligible participants, especially insiders of the Company, at the expense of the Company and its existing shareholders.
- (b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the Plan that are not of the type contemplated in subparagraph 3.5(a) above including, without limitation:
 - (i) amendments of a "housekeeping" or clerical nature;
 - (ii) a change to the vesting provisions of a security or the Plan;
 - (iii) amendments to reflect any requirements of any regulatory authorities to which the Company is subject, including the Exchange;
 - (iv) a change to the termination provisions of a security or the Plan which does not entail an extension beyond the original expiry date;

- (v) a change in the exercise price of Options, provided that at least six months have elapsed since the later of the date of commencement of the term of the Option, the date the Shares commenced trading on the Exchange or the date the exercise price of the Option was last amended, and provided that disinterested shareholder approval is obtained for any reduction in the exercise price if the Option holder is an Insider (as such term is defined by the Exchange) of the Company at the time of such proposed reduction;
 - (vi) amendments to Sections 2.8 and 2.9 and the definitions of Change of Control and Merger and Acquisition Transaction;
 - (vii) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve; and
 - (viii) amendments to reflect changes to applicable laws or regulations.
- (c) Notwithstanding the provisions of subparagraph 3.5(b), the Company shall additionally obtain requisite shareholder approval in respect of amendments to the Plan that are contemplated pursuant to section subparagraph 3.5(b), to the extent such approval is required by any applicable laws or regulations.

3.6 No Rights as Shareholder

Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder of the Company with respect to any Shares reserved for the purpose of any Option.

3.7 Employment

In the case of employees, nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Company or any of its subsidiaries, or interfere in any way with the right of the Company or any of its subsidiaries to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary.

3.8 Securities Regulation and Tax Withholding

- (a) Where necessary to effect exemption from registration of the Shares under securities laws applicable to the securities of the Company, a Participant shall be required, upon the acquisition of any Shares pursuant to the Plan, to acquire the Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, and to present to the Committee an undertaking to that effect in a form acceptable to the Committee. The Committee may take such other action or require such other action or agreement by such Participant as may from time to time be necessary to comply with applicable securities laws. This provision shall in no way obligate the Company to undertake the registration of any Options or the Shares under any securities laws applicable to the securities of the Company.
- (b) The Committee and the Company may take all such measures as they deem appropriate to ensure that the Company's obligations under the withholding provisions under income tax laws applicable to the Company and other provisions of applicable laws are satisfied with respect to the issuance of Shares or the grant or exercise of Options under this Plan.

- (c) Issuance, transfer or delivery of certificates for Shares purchased pursuant to this Plan may be delayed, at the discretion of the Compensation Committee, until the Committee is satisfied that the applicable requirements of securities and income tax laws have been met.

3.9 No Representation or Warranty:

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

3.10 Compliance with Legislation

The Board may postpone or adjust any exercise of any Option or the issue of any Shares pursuant to this Plan as the Board in its discretion may deem necessary in order to permit the Company to effect or maintain registration of this Plan or the Shares issuable pursuant thereto under the securities laws of any applicable jurisdiction, or to determine that the Shares and this Plan are exempt from such registration. The Company is not obligated by any provision of this Plan or any grant hereunder to sell or issue Shares in violation of any applicable law. In addition, if the Shares are listed on a stock exchange, the Company will have no obligation to issue any Shares pursuant to this Plan unless the Shares have been duly listed, upon official notice of issuance, on a stock exchange on which the Shares are listed for trading.

3.11 Bona Fide

The Company hereby represents that any employees or Consultants to whom Options are granted hereunder are *bona fide* employees or Consultants, as applicable.

3.12 Effective Date

This Plan shall be effective on December 14, 2020, subject to shareholder approval and ratification by ordinary resolution at the Company's next annual meeting of shareholders.

SCHEDULE “A”

ABAXX TECHNOLOGIES INC.

2020 INCENTIVE STOCK OPTION PLAN - FORM OF AGREEMENT

OPTION AGREEMENT

This Option Agreement is entered into between Abaxx Technologies Inc. (the “**Corporation**”) and the Optionee named below pursuant to the Abaxx Technologies Inc. 2020 Incentive Stock Option Plan (the “**Plan**”). This Agreement witnesses that in consideration of the covenants and agreements herein contained and such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as set forth and confirms that:

on

_____ (the “**Grant Date**”);

_____ (the “**Optionholder**”);

was granted _____ options (the “Options”) to purchase _____ Common Shares (the “Optioned Shares”) of the Corporation, exercisable [NTD: May insert vesting period such as: to <*>% on the Grant Date and <*>% on each of the [<*>, <*> and <*> anniversary dates of the Date of Grant] on a cumulative basis;

at a price (the “**Exercise Price**”) of \$_____ per Optioned Share; and

for a term expiring at 5:00 p.m., Toronto time, on _____ (the “**Expiry Date**”);

All on the terms set out in, and in accordance with, the Plan. By signing this Option Agreement, the Optionholder acknowledges that he or she has read and understands the Plan and accepts the Options in accordance with the terms and conditions of the Plan. All capitalized terms not defined herein have the meaning assigned to them in the Plan.

IN WITNESS WHEREOF the Corporation and the Optionee have executed this Option Agreement as of _____, 20<*>.

ABAXX TECHNOLOGIES INC.

per: _____
Name:
Title:

Name of Optionholder

Signature of Optionholder

ABAXX TECHNOLOGIES INC.

2020 INCENTIVE STOCK OPTION PLAN - NOTICE OF EXERCISE

TO: **ABAXX TECHNOLOGIES INC.**
18 King Street East
Suite 902
Toronto ON M5C 1C4
Attention: Zachary Bennett, President & Chief Executive Officer

Reference is made to the Option Agreement made as of _ 20<*>, between Abaxx Technologies Inc. (the “**Corporation**”) and the Optionholder named below. The Optionholder hereby exercises the Option to purchase Shares of the Corporation as follows:

Number of Optioned Shares for which Options are being exercised:

<*>

Exercise Price per Optioned Share:

\$ <*>

Total Exercise Price (in the form of a cheque which need not be a certified cheque or bank draft tendered with this Notice of exercise):

\$ <*>

Name of Optionholder as it is to appear on share certificate:

<*>

Address of Optionholder as it is to appear on the register of Shares of the Corporation [and to which a certificate representing the Shares being purchased is to be delivered]:

Dated

Name of Optionholder

Signature of Optionholder

SCHEDULE E

RESULTING ISSUER RSU PLAN

RESTRICTED STOCK UNIT INCENTIVE PLAN

ABAXX TECHNOLOGIES INC.

RESTRICTED STOCK UNIT INCENTIVE PLAN

DECEMBER 14, 2020

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ABAXX TECHNOLOGIES INC.

RESTRICTED STOCK UNIT INCENTIVE PLAN

Abaxx Technologies Inc., a corporation incorporated under the laws of the Province of Alberta (the “**Company**”), sets forth herein the terms of its Restricted Stock Unit Incentive Plan (the “**Plan**”), as follows:

1. PURPOSE

The Plan is intended to enhance the Company’s and its Affiliates’ (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, consultants and other persons, and to motivate such officers, directors, key employees, consultants and other persons to serve the Company and its Affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of restricted stock units. Any of these awards of restricted stock units may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms hereof (as such performance goals are specified in the Award Agreement).

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 “Affiliate” means, with respect to the Company, any person or company if it is a Subsidiary entity of the other or if both are Subsidiary entities of the same person or company within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions*.

2.2 “Award” means a grant of Restricted Stock Units under the Plan.

2.3 “Award Agreement” means the written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of an Award.

2.4 “Board” means the Board of Directors of the Company.

2.5 “Cause” means, as determined by the Board and unless otherwise provided in an applicable agreement with the Company or an Affiliate, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense; or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Service Provider and the Company or an Affiliate.

2.6 “Change of Control” means, unless the Board determines otherwise, the happening, in a single transaction or in a series of related transactions, of any of the following events:

- (i) any transaction (other than a transaction described in clause (iii) below) pursuant to which any Person or group of Persons acting jointly or in concert acquires the direct or indirect beneficial ownership of securities of the Company representing 50% or more of the aggregate voting power of all of the Company’s then issued and outstanding securities entitled to vote in the election of directors of the Company, other than any such acquisition that occurs upon the exercise or settlement of options or other securities granted by the Company under any of the Company’s equity incentive plans;

- (ii) there is consummated an arrangement, amalgamation, merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such arrangement, amalgamation, merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not beneficially own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving or resulting entity in such amalgamation, merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving or resulting entity in such arrangement, amalgamation merger, consolidation or similar transaction, in each case in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such transaction;
- (iii) the sale, lease, exchange, license or other disposition of all or substantially all of the Company's assets to a Person other than a Person that was an Affiliate of the Company at the time of such sale, lease, exchange, license or other disposition, other than a sale, lease, exchange, license or other disposition to an entity, more than 50% of the combined voting power of the voting securities of which are beneficially owned by shareholders of the Company in substantially the same proportions as their beneficial ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, exchange, license or other disposition;
- (iv) the passing of a resolution by the Board or shareholders of the Company to substantially liquidate the assets of the Company or wind up the Company's business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement (except where such re-arrangement is part of a bona fide reorganization of the Company in circumstances where the business of the Company is continued and the shareholdings remain substantially the same following the re-arrangement); or
- (v) individuals who, on the Effective Date, are members of the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board;

2.7 "**Committee**" means the Compensation committee of the Board, and designated from time to time by resolution of, the Board, which shall be constituted as provided in Section 3.2.

2.8 "**Company**" means Abaxx Technologies Inc.

2.9 "**Consultant**" means, in relation to the Company, an individual (other than an Employee or a Director of the Issuer) or company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution;
- (b) provides the services under a written contract between the Company or the Affiliate and the individual or the company, as the case may be;
 - (i) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and
 - (ii) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

2.10 "**Director**" means a director, senior officer or Management Company Employee of the Company.

2.11 "**Effective Date**" means December 14, 2020 the date the Plan is approved by the shareholders of

the Company.

2.12 “Employee” means:

- (a) an individual who is considered an employee of the Company or its Subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (b) an individual who works full-time for the Company or its Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Company or its Subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source.

2.13 “Fair Market Value” means the value of a Share, determined as follows: if on the Grant Date or other determination date the Shares are listed on the TSX Venture Exchange or another established national or regional stock exchange or is publicly traded on an established securities market, the Fair Market Value of the Company’s Shares shall be the closing price of the Shares on such exchange or in such market (if there is more than one such exchange or market the Board shall determine the appropriate exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Shares is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Shares are not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of a Share as determined by the Board in good faith.

2.14 “GAAP” means, at any time, accounting principles generally accepted in Canada applying IFRS, including those set out in the Handbook of the Chartered Professional Accountants of Canada, at the relevant time applied on a consistent basis.

2.15 “Grant Date” means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under Section 6 hereof, or (iii) such other date as may be specified by the Board.

2.16 “Grantee” means a person who receives or holds an Award under the Plan.

2.17 “IFRS” means International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time.

2.18 “Management Company Employee” means an individual employed by a person providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company.

2.19 “Outside Director” means a member of the Board who is not an officer or employee of the Company.

2.20 “Plan” means this Abaxx Technologies Inc. Restricted Stock Unit Incentive Plan.

2.21 “Restricted Stock Unit” or “RSU” means a bookkeeping entry representing the right to receive one Share, subject to the restrictions and vesting provisions provided herein, and awarded to a Grantee pursuant to Section 8 hereof.

2.22 “**Securities Act**” means the *Securities Act* (Ontario), as now in effect or as hereafter amended.

2.23 “**Service**” means service of a Service Provider to the Company or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee’s change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Company or an Affiliate. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final, binding and conclusive.

2.24 “**Service Provider**” means an Employee, Director, or Consultant of the Company or its Subsidiary but does not include consultants providing investor relation activities to the Company.

2.25 “**Share(s)**” means the issued and outstanding common shares of the Company.

2.26 “**Subsidiary**” means any “subsidiary entity” of the Company within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transactions*.

3. ADMINISTRATION OF THE PLAN

3.1 Board

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company’s articles and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Award or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company’s articles and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive.

3.2 Committee

The Board from time to time may delegate to the Committee such powers and authorities related to the administration and implementation of the Plan, as set forth in Section 3.1 above and other applicable provisions, as the Board shall determine, other than the Board’s power and authority to grant awards or to issue Shares to Grantees upon the vesting of an Award, consistent with the articles of the Company and applicable law.

(i) Except as provided in Subsection (ii) and except as the Board may otherwise determine, the Committee, if any, appointed by the Board to administer the Plan shall consist of two or more Outside Directors of the Company who meet such requirements as may be established from time to time by the securities regulatory authorities for such incentive plans and who comply with the independence requirements of applicable securities regulatory policies.

(ii) The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not be Outside Directors, who may administer the Plan and may determine all terms of such Awards.

Notwithstanding the foregoing, the Board may not delegate its authority to grant Awards or to issue Shares to Grantees upon the vesting of an Award.

In the event that the Plan, any Award or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the

Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. To the extent permitted by law, the Committee may delegate its authority under the Plan to a member of the Board.

3.3 Terms of Awards

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority to:

- (i) designate Grantees;
- (ii) determine the number of Shares to be subject to an Award;
- (iii) establish the terms and conditions of each Award (including, but not limited to, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting or forfeiture of an Award and any other terms or conditions);
- (iv) prescribe the form of each Award Agreement evidencing an Award;
- (iv) establish performance criteria; and
- (v) amend, modify, or supplement the terms of any outstanding Award. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside Canada to recognize differences in local law, tax policy, or custom.

As a condition to any subsequent Award, the Board shall have the right, at its discretion, to require Grantees to return to the Company Awards previously made under the Plan. Subject to the terms and conditions of the Plan, any such new Award shall be upon such terms and conditions as are specified by the Board at the time the new Award is made. The Board shall have the right, in its discretion, to make Awards in substitution or exchange for any other award under another plan of the Company, any Affiliate, or any business entity to be acquired by the Company or an Affiliate. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any Affiliate thereof or any confidentiality obligation with respect to the Company or any Affiliate thereof or otherwise in competition with the Company or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may, within 30 days, annul an Award if the Grantee is an employee of the Company or an Affiliate thereof and is terminated for Cause. The grant of any Award shall be contingent upon the Grantee executing the appropriate Award Agreement.

3.4 No Liability

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award or Award Agreement.

3.5 Book Entry

Notwithstanding any other provision of this Plan to the contrary, the Company may elect to satisfy any requirement under this Plan for the delivery of share certificates through the use of book-entry.

4. SHARES SUBJECT TO THE PLAN

Shares issued or to be issued under the Plan shall be authorized but unissued shares. Subject to adjustment as provided in Section 11 hereof, the maximum number of Shares available for issuance under the Plan shall be 730,000. The number of Shares issued or to be issued under the Plan and all other security based compensation arrangements, at any time, shall not exceed 10% of the total number of the issued and outstanding Shares. If any Shares covered by an Award are forfeited, or if an Award terminates without delivery of any Shares subject thereto, then the number of Shares counted against the aggregate number of Shares available under the Plan with respect to such Award shall, to the extent of any such forfeiture or termination, again be available for making Awards under the Plan.

Notwithstanding the foregoing:

- (i) the number of securities issuable to insiders of the Company under all security-based compensation arrangements, including the Plan, at any time, cannot exceed 10% of the issued and outstanding Shares;
- (ii) the number of securities issued to insiders of the Company pursuant to such arrangements, within any one-year period, cannot exceed 10% of the issued and outstanding Shares;
- (iii) the number of Shares issuable to any one Service Provider or other individual pursuant to an Award within any one-year period, cannot exceed 2% of the issued and outstanding Shares; and
- (iv) the annual grant of Awards under this Plan to any one Outside Director shall not exceed \$150,000 in value excluding any one time sign on awards or equity granted in lieu of cash retainers.

5. EFFECTIVE DATE, DURATION AND AMENDMENTS

5.1 Effective Date

The Plan shall be effective as of the Effective Date, subject to approval of the Plan by the Board. Upon approval of the Plan by the shareholders of the Company, all Awards made under the Plan on or after the Effective Date shall be fully effective.

5.2 Term

The Plan shall terminate automatically ten (10) years after the Effective Date and may be terminated on any earlier date or extended as provided in Section 5.3.

5.3 Amendment and Termination of the Plan

- i. The Board may suspend or terminate the Plan at any time, or from time to time amend or revise the terms of the Plan or any granted Award without the consent of the Service Providers provided that such suspension, termination, amendment or revision shall:
 - (a) not adversely alter or impair the rights of any Service Provider, without the consent of such Service Provider except as permitted by the provisions of the Plan;

- (b) be in compliance with applicable law and with the prior approval, if required, of the shareholders of the Company, the NEO Exchange Inc. (the “**NEO Exchange**”), or any other regulatory body having authority over the Company; and
- (c) be subject to shareholder approval, where required by law or the requirements of the Neo Exchange provided that the Board may, from time to time, in its absolute discretion and without approval of the shareholders of the Company make the following amendments to this Plan:
 - (i) any amendment to the vesting provision, if applicable;
 - (ii) any amendment which accelerates the date on which any RSU may vest under the Plan;
 - (iii) any amendment necessary to comply with applicable law or the requirements of the Neo Exchange or any other regulatory body;
 - (iv) any amendment of a “housekeeping” nature, including to clarify the meaning of an existing provision of the Plan, correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correct any grammatical or typographical errors or amend the definitions in the Plan;
 - (v) any amendment regarding the administration of the Plan; and
 - (vi) any other amendment that does not require the approval of the shareholders of the Company under Section 5.3(ii).
- ii. Notwithstanding Section 5.3(iii)., the Board shall be required to obtain shareholder approval to make the following amendments:
 - (a) any increase to the maximum number of Shares issuable under the Plan, except in the event of an adjustment pursuant to Article 11;
 - (b) any amendment which increases the maximum number of Shares that may be (i) issuable to Grantees at any time; or (ii) issued to Grantees under the Plan and any other proposed or established Share Compensation Arrangement in a one-year period, except in case of an adjustment pursuant to Article 11;
 - (c) any amendment regarding the effect of termination of a Service Provider’s employment or engagement;
 - (d) any amendment to add provisions permitting the grant of Awards settled otherwise than with Shares issued from treasury, a form of financial assistance or clawback, and any amendment to a provision permitting the grant of Awards settled otherwise than with Shares issued from treasury, a form of financial assistance or clawback which is adopted; and
 - (e) any amendment to the amendment provisions of the Plan;

provided that Shares held directly or indirectly by Grantees benefiting from the amendments shall be excluded when obtaining such shareholder approval.

6. AWARD ELIGIBILITY AND LIMITATIONS

6.1 Service Providers

Subject to this Section 6, Awards may be made under the Plan to any Service Provider, as the Board shall determine and designate from time to time. The Company and the Grantee of Restricted Stock Units are responsible for ensuring and confirming that the Grantee of Restricted Stock Units is a bona fide Service Provider.

6.2 Successive Awards

An eligible person may receive more than one Award, subject to such restrictions as are provided herein.

7. AWARD AGREEMENT

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan.

8. TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS

8.1 Grant of Restricted Stock Units

Awards shall be in the form of Restricted Stock Units. Subject to the restrictions and vesting provisions provided in Section 8.2, each RSU shall entitle the Grantee to receive one Share.

8.2 Restrictions and Vesting

At the time a grant of Restricted Stock Units is made, the Board may, in its sole discretion, establish a period of time (a “**Vesting period**”) applicable to such Restricted Stock Units. Each Award of Restricted Stock Units may be subject to a different Vesting period. The Board may, in its sole discretion, at the time a grant of Restricted Stock Units is made, prescribe restrictions in addition to or other than the expiration of the Vesting period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock Units in accordance with Section 9.1 Notwithstanding the foregoing, (i) Restricted Stock Units that vest solely by the passage of time shall not vest in full in less than three (3) years from the Grant Date; (ii) Restricted Stock Units for which vesting may be accelerated by achieving performance targets shall not vest in full in less than one (1) year from the Grant Date; and (iii) Restricted Stock Units granted to Outside Directors vest, (a) at the election of an Outside Director at the time the Award is granted, within a minimum of one (1) year to a maximum of three (3) years following the Grant Date, as such Outside Director may elect, and (b) if no election is made, upon the earlier of a Change of Control in accordance with Section 11.2 or his or her resignation from the Board.

Restricted Stock Units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than to the Grantee’s beneficiary or estate, as the case may be, upon the death of the Grantee) during the Vesting period.

Upon the death of a Grantee, any RSUs granted to such Grantee which, prior to the Grantee’s death, have not vested, will immediately vest and the Grantee’s estate shall be entitled to receive payment in accordance with Section 8.6 hereof.

8.3 Restricted Stock Unit Accounts

An account will be maintained by the Secretary of the Company, or such other officer of the Company as the Board may designate, in the name and for the benefit of the Grantee, in which will be recorded the number of RSUs granted to the Grantee, the Grant Date and expiry date of the RSUs.

8.4 Rights of Holders of Restricted Stock Units

(a) **Voting and Dividend Rights**

Grantees of Restricted Stock Units shall have no rights as shareholders of the Company. The Board may provide in an Award Agreement evidencing a grant of Restricted Stock Units that the Grantee shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Shares, a cash payment for each Restricted Stock Unit granted equal to the per-share dividend paid on the outstanding Shares. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Restricted Stock Units at a price per unit equal to the Fair Market Value of the Shares on the date that such dividend is paid. If additional RSUs are granted as a dividend in kind, the additional RSUs so granted shall reduce the pool of shares reserved under the Plan.

(b) **Creditor's Rights**

A Grantee shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

8.5 Termination of Service

Subject to subsections 8(a) and 8(b) hereof and to any express resolution passed by the Board with respect to an RSU but in no event to exceed an extension of one year, an RSU shall expire and terminate immediately upon the Service Provider ceasing to be an eligible person under the Plan, provided that:

- (a) if, before the expiry of an RSU in accordance with the terms thereof, a Service Provider shall cease to be an eligible person under the Plan (an "**Event of Termination**") for any reason other than his or her resignation or termination for Cause of his or her employment with the Company, or his or her resignation or failure to be re-elected as a Director of the Company, then the Grantee may:
 - (i) be entitled to receive RSUs to the extent that he or she was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date three (3) months following the date of such Event of Termination, or prior to the close of business on the expiration date of the RSU, whichever is earlier; and
 - (ii) with the prior written consent of the Board or the Committee, which consent may be withheld in the Company's sole discretion, permit the exercise of any RSUs which have not yet vested at any time up to and including, but not after, a date three (3) months following the date of such Event of Termination, or prior to the close of business on the expiration date of the RSU, whichever is earlier. The Board or the Committee in its sole discretion may extend the time permitted to exercise any RSUs which have not yet vested at any time up to and including, but not after, a date twelve months following the date of such Event of Termination,
- (b) if a Grantee dies before the expiry of an RSU in accordance with the terms thereof, the Grantee's legal representative(s) may, subject to the terms of the Award Agreement and the Plan, exercise the RSUs to the extent that the Grantee was entitled to do so at the date of his or her death at any time up to and including, but not after, a date one year following the date of death of the Grantee, or prior to the close of business on the expiration date of the RSU, whichever is earlier.

8.6 Cash Payment or Delivery of Shares

Upon the expiration or termination of the Vesting period and the satisfaction of any other restrictions prescribed by the Board, the Restricted Stock Units shall vest and shall be settled in either cash or Shares, as the Committee may so determine, unless otherwise provided in the Award Agreement.

A cash payment shall be in the amount equal to the "Market Price" per share as defined in the policies of the applicable stock exchange as the trading day prior to the date of vesting, and certified funds shall be paid for

the Restricted Stock Units valued at the Market Price. A Share payment shall be for Shares issued by the Company from treasury and a share certificate for that number of Shares equal to the number of vested RSUs shall be free of all restrictions. The cash payment or Shares shall be delivered to the Grantee or the Grantee's beneficiary or estate, in accordance with Section 8.5 of the Plan.

The Committee shall specify the circumstances in which Awards shall be made or forfeited in the event of termination of Service by the Grantee prior to vesting.

9. TERMS AND CONDITIONS OF AWARDS

9.1 Performance Conditions

The granting and vesting of RSUs may be subject to such performance conditions as may be specified by the Board in the Award Agreement. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to performance conditions.

9.2 Performance Goals Generally

The performance goals for Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 9.1. Performance goals shall be objective and shall otherwise meet the requirements that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain". The Committee may determine that Awards shall vest upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to the vesting of an Award. Performance goals may differ for Awards granted to any one Grantee or to different Grantees.

9.3 Business Criteria

The Board, in its sole discretion, may establish business criteria for the purpose of establishing performance goals in accordance with Section 9.1, including but not limited to, one or more of the following business criteria for the Company, on a consolidated basis, and/or specified Subsidiaries or business units of the Company (except with respect to the total shareholder return and earnings per share criteria): (1) total shareholder return; (2) such total shareholder return as compared to total return (on a comparable basis) to a peer group of similar publicly available companies or of a publicly available index such as, but not limited to, the S&P/TSX Composite Index; (3) past service to the Company; (4) net income; (5) pre-tax earnings; (6) earnings before interest expense, taxes, depreciation and amortization; (7) pre-tax operating earnings after interest expense and before bonuses, service fees, and extraordinary or special items; (8) operating margin; (9) earnings per share; (10) return on equity; (11) return on capital; (12) return on investment; (13) operating earnings; (14) working capital; (15) ratio of debt to shareholders' equity; (16) revenue; and (17) free cash flow and free cash flow per share (18) project completion milestones. Business criteria may be measured on an absolute basis or on a relative basis (i.e., performance relative to peer companies) and on a GAAP or non-GAAP basis.

9.4 Timing For Establishing Performance Goals

Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Awards, or at such other date as may be determined by the Board.

9.5 Written Determinations

All determinations by the Committee as to the establishment of performance goals, the amount of any Award and as to the achievement of performance goals relating to Awards, and the amount of any final Awards, shall be made in writing.

10. REQUIREMENTS OF LAW

10.1 General

The Plan shall comply with the provisions of any applicable law or regulation of any governmental authority, including without limitation any federal, state or provincial securities laws or regulations and the requirements of any stock exchange having jurisdiction. The failure to comply with such laws or regulations, including without limitation the *Securities Act*, may result in a termination of the Plan and/or the forfeiture of previously granted RSUs.

11. EFFECT OF CHANGES IN CAPITALIZATION

11.1 Changes in Shares

If the number of outstanding Shares is increased or decreased or the Shares are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares for which Awards may be made under the Plan shall be adjusted proportionately and accordingly by the Company. In addition, the number and kind of shares for which Awards are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Notwithstanding the foregoing, in the event of any distribution to the Company's shareholders of securities of any other entity or other assets (including an extraordinary cash dividend but excluding a non-extraordinary dividend payable in cash or in shares of the Company) without receipt of consideration by the Company, the Company may, in such manner as the Company deems appropriate, adjust the number and kind of shares subject to outstanding Awards.

11.2 Change of Control

If the Company completes a transaction constituting a Change of Control and within twelve (12) months following the Change of Control a Grantee who was also an officer or employee of, or Consultant to, the Company prior to the Change of Control has their position, employment or consulting agreement terminated, or the Service Provider is constructively dismissed, then all unvested Awards shall immediately vest and be settled.

11.3 Adjustments

Adjustments under Section 11.1 relating to Shares or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole Share. The Board may provide in the Award Agreement at the time of grant, or any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those described in Sections 11.1 and 11.3.

11.4 No Limitations on Company

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

12. GENERAL PROVISIONS

12.1 Disclaimer of Rights

No provision in the Plan or in any Award or Award Agreement shall be construed to confer upon any

individual the right to remain in the employ or service of the Company or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a director, officer, consultant or employee of the Company or an Affiliate. The obligation of the Company to issue Shares or pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation only in respect of those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

12.2 Nonexclusivity of the Plan

Neither the adoption of the Plan nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable.

12.3 Withholding Taxes

The Company or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, provincial, state, or local taxes of any kind required by law to be withheld with respect to the vesting of an Award or upon the issuance of any Shares upon the vesting of an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or the Affiliate, as the case may be, any amount that the Company or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation.

12.4 Captions

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

12.5 Other Provisions

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

12.6 Number and Gender

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

12.7 Severability

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

12.8 Governing Law

The validity and construction of this Plan and the instruments evidencing the Award hereunder shall be governed by the laws of the Province of Ontario, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan and the instruments evidencing the Awards granted

hereunder to the substantive laws of any other jurisdiction.

12.9 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

12.10 Conflict

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of this Plan shall govern.

12.11 Time of Essence

Time is of the essence of this Plan and of each Award Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

Approved by the Board of Directors on December 14, 2020.