



ABAXX TECHNOLOGIES INC.

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2021, AND 2020**

(EXPRESSED IN CANADIAN DOLLARS)

Introduction

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of the operations of Abaxx Technologies Inc. (the "Company" or "Abaxx") constitutes management's review of the factors that affected the Company's financial and operating performance for the three and six months ended June 30, 2021. This discussion should be read in conjunction with unaudited consolidated financial statements for June 30, 2021, together with the notes thereto (the "Financial Statements"). This MD&A is dated as of August 16, 2021, unless otherwise indicated.

Unless otherwise indicated and as hereinafter provided, all financial information contained in this MD&A, the unaudited interim consolidated financial statements, and the Company's Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Unless otherwise noted in this MD&A, all monetary amounts are expressed in Canadian dollars, and "we", "us", "our", or the "Company" refer to Abaxx Technologies Inc. and its direct and indirect subsidiaries.

Certain statements in this MD&A constitute forward-looking statements or forward-looking information within the meaning of applicable securities laws. You should read carefully; the "Cautionary Note Regarding Forward-looking Statements" section in this MD&A and should not place undue reliance on any such forward-looking statements.

Abaxx Technologies Inc. ("Abaxx" or the "Company"), (formerly New Millennium Iron Corp.) is a company incorporated under the Alberta Business Corporations Act. Its corporate headquarters is located at 18 King Street East, Suite 902, Toronto, Ontario, M5C 1C4 and the registered office of the Company is 1250, 639 – 5th Avenue S.W., Calgary, AB T2P 0M9. The issued and outstanding common shares are listed and posted for trading on the NEO Exchange Inc. (the "NEO") under the symbol "ABXX" and the OTCQB Venture Market under the symbol "ABXXF".

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, 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 2021 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

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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 nature of the business and industries that Company competes in;
- limited assets, available funds, currency risk, absence of dividends, additional financing requirements and anticipated use of those funds;
- the operational management of the Company by its directors, officers and insiders, reliance on key personnel, and limited management experience, conflict of interests with directors and management;
- the future growth, results of operations, performance, products, competition, slow acceptance of products, growth, and business prospects and opportunities of Abaxx;
- the ability of Abaxx to satisfy all conditions precedent and obtain all regulatory approvals
- whether Abaxx 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, will be as anticipated;
- Reporting Issuer Risk including Risks related to volatility of share price, and fluctuation of operating results;
- risks related to regulation by governmental authorities including political & regulatory risks;
- operations in foreign jurisdictions;
- protection of Abaxx Tech Software and IP portfolio, cybersecurity threats, server, system software failures or reliance on technical infrastructure and hacking;
- clearing house failure or the inadequacies of risk management procedures and facility developments;
- COVID 19 pandemic;
- the availability of financing opportunities and risks associated with general economic and financial 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;
- use and Storage of Personal Information and Compliance with Privacy Laws permits, contract, licenses political and regulatory risk;
- tax consequences;
- environmental regulations and liability;
- third party risk, erroneous transactions and human error;
- non-availability of insurance;
- loss of key employees;
- lawsuits and other legal proceedings and challenges; 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.

Our Strategy

Abaxx is a development stage financial technology company that has created proprietary technological infrastructure for both global commodity exchanges and the digital marketplace. The company's formative technology increases transaction velocity, data security, and facilitates improved risk management for the majority owned, Abaxx Singapore Pte. Ltd. ("ACX", or "Abaxx.Exchange") - a commodity futures exchange that is seeking final regulatory approvals as a Recognized Market Operator ("RMO") and Approved Clearing House ("ACH") with the Monetary Authority of Singapore ("MAS"). Abaxx is a technology company engaged in development and deployment of trust enabling Internet protocols. The Abaxx mandate includes accelerating commerce and reducing exposure to risk in targeted global industries. Abaxx 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 with a vision for global commodity market trading; and (ii) commercializing the majority-owned commodity futures exchange and clearing house utilizing Abaxx technology, including foundational products in new liquified natural gas benchmark contracts, a new market structure vision for precious metals and battery metals markets, and new initiatives for enhancing Environmental, Social, and Governance ("ESG") related markets and data. As a publicly listed company, Abaxx provides its shareholders with the potential for significant long-term value creation.

The Company is also developing new proprietary software and middleware related to the Abaxx Exchange and Clearing operations with a goal to tests alpha stage software.

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;

- sslID-enabled electronic document and smart contract signing; and
- digital-contract custody and other financial workflow management applications

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, and data regulatory compliance.

Abaxx Tech currently holds an intercompany gross revenue royalty over ACX for the licensed use of its proprietary software, which includes 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.

Business Overview

The following is a summary of the general development of the Company's business over the last two years:

On January 8, 2020, Abaxx was assigned interest in the following United States patent applications 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 assigned the Assigned U.S. Patents to Abaxx Corp under individual assignment agreements each dated as of August 1, 2020.

On July 14, 2020, New Millennium Iron Corp. ("**New Millennium**") entered into a letter of intent with Abaxx Technologies Inc. whereby New Millennium, 12404206 Canada Inc., 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 New Millennium.

On July 24, 2020, Abaxx completed the first tranche of the Pre-Listing Abaxx Financing of 1,039,059 Abaxx Common Shares at a price of \$0.99 per Abaxx Common Share for gross proceeds of \$1,027,500.

On July 31, 2020, Abaxx completed the second tranche of the Pre-Listing Abaxx Financing of 1,067,476 Abaxx Common Shares at a price of \$0.99 per Abaxx Common Share for gross proceeds of \$1,055,600.

On September 7, 2020, ACX received approval-in-principle from the Monetary Authority of Singapore ("**MAS**") to act as a recognized 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

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expects the outstanding deliverables can be satisfied during Q2 2021, in sync with plans to begin alpha testing of its Abaxx Exchange platform.

On September 11, 2020, Abaxx completed the third and final tranche of the Pre-Listing Abaxx Financing of 3,819,037, Abaxx Common Shares at a price of \$0.99 per Abaxx Common Shares for gross proceeds of \$3,104,116. In addition, Abaxx issued 242,700 Abaxx Common Shares to certain consultants of Abaxx for services rendered. Each Abaxx Common Share issued to the consultants carried a deemed value of \$0.99 per Abaxx Common Share.

On September 14, 2020, Abaxx was assigned interests in the following PCT patent applications 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 assigned the Assigned PCT Patents to Abaxx Corp under individual assignment agreements each dated as of September 15, 2020.

On September 18, 2020, New Millennium and Abaxx entered into a definitive agreement which superseded the letter of intent. Pursuant to the definitive agreement, New Millennium indirectly acquired all of the issued and outstanding Abaxx Common Shares through a reverse take-over transaction. New Millennium would rename itself to Abaxx on December 14, 2020, pursuant to the reverse take-over.

On December 11, 2020, Abaxx issued 438,927 Abaxx Common Shares to certain consultants and service providers of Abaxx for settlement of an aggregate of \$434,055 of indebtedness. Each Abaxx Common Share issued to consultants and service providers carried a deemed value of \$0.99 per Abaxx Common Share. In addition, Abaxx issued 151,688 Abaxx Common Shares to for settlement of an aggregate of \$150,000 of indebtedness. Each Abaxx Common Share issued as aforementioned above carried a deemed value of \$0.99 per Abaxx Common Share.

On December 14, 2020, Abaxx successfully completed its reverse take-over (RTO) transaction with New Millennium.

On December 17, 2020, Abaxx received final approval to be listed on the Aequitas NEO Exchange and subsequently began trading on the NEO on December 18, 2020, under the symbol "ABXX".

On February 11, 2021, the Company through its wholly owned subsidiary Abaxx Technologies Corp. acquired 673,360 Class C preference shares, representing a 2.68% equity voting stake in AirCarbon Pte. Ltd ("AirCarbon") for total consideration of USD \$500,000 (\$635,600). The Company also acquired an option to purchase a minimum of 1,346,720 additional common shares and when added to the initial investment, up to a maximum of 10% of the issued share capital of AirCarbon, for an agreed price of USD \$0.742545 per share. The option to purchase additional Class C preference shares in AirCarbon expires on July 15, 2021. The Company exercised this option on July, 14, 2021.

On May 14, 2021, the Company completed a public offering of its shares, raising gross proceeds of \$24,725,023 through the issuance of 6,506,585 units at a price of \$3.80 per unit. Each unit is comprised of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase one additional common share at an exercise price of \$5.10 on or before May 14, 2023.

Abaxx is also the owner of the LabMag and KeMag iron ore assets, resulting from the reverse take-over of New Millennium Iron Corp, the Company is not currently pursuing any viable economic development. During the quarter ended June 30, 2021, the Company became aware that the market for Green commodities may include iron ore at some point in the future and this may offer an opportunity. At this juncture the company has no plans to develop these properties and may entertain offers from third parties if any interest is shown over the next fiscal period. The reference is future oriented in relation to a global demand and usage for Green commodities. This demand does not currently exist for iron ore assets but may subsequently lead to an increase in the price of iron ore which may create a greater value. The company is reviewing and awaiting the potential for a global adoption of green commodities.

Key Events of 2020 and 2021

Subsequent to the successful completion of the reverse take-over transaction with New Millennium, on December 18th, Abaxx announced the listing of Abaxx on Canada's NEO Stock Exchange listing under the symbol ABXX, also accessible to American resident investors over the counter ("OTC") as ABXXF, with applications filed to begin trading in the US under a more formal OTCQX listing sponsored by a US based financial institution. The Company has started a review of additional senior stock exchange listings to provide increased access to global investors as the Company prepares to launch the ACX.

Abaxx Exchange is awaiting regulatory approvals as a Recognized Market Operator ("RMO") and Approved Clearing House ("ACH") with the Monetary Authority of Singapore ("MAS"). On September 7, 2020, Abaxx received Approval in Principle of its RMO application, subject to various terms and conditions. The Company is in frequent contact with the MAS and is working toward the completion of the Approval in Principle process for an ACH licence in Q1 2022, with the commencement of the commercial launch phase thereafter. Planning meetings are ongoing with participants and members ahead of the launch.

Fortuitously, our approach of product and technology design driven by close collaboration with market participants over the past three quarters is proving successful in that the solutions Abaxx have in beta testing have the potential to resolve many of the problems in the global economy today. Abaxx is strategically positioning for the future of clean energy security, and in support of the energy transition by implementing our plan enabling the organization and standardization of the terms of trade and for market participants to trade commodities based on their ESG-attributes. This is a foundational principle of developing what Abaxx refer to as Smarter Markets, which encompasses three primary components including commodity contract design; technology innovation; and environmental, social and governance (ESG) considerations.

The Abaxx command console suite of software applications is commencing beta testing and pilot projects are in formulation including but not limited to implementing Measurement, Verification

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and Reporting (MVR) activities related to ESG externality pricing considerations in the exchange business. In accordance with the Abaxx vision and the second stage of the business plan, these tools are designed and will be commercialized broadly for use in multiple commerce and marketplace segments that will benefit from increased data privacy, security, digital identity, multi-party signature, document management and custody.

We are preparing to launch the first commercial phase for Abaxx, where continuous improvements in software technology and better coordination and transparency of market activities can enable participants to advance the needs of both commodity markets specifically and society as a whole. Fundamentally, the vision that Abaxx has heavily invested in over the past three quarters is well-timed and well-aligned with the accelerating economic priorities of the global energy transition, in addition to capital market demands for increased transparency around environmental, social, and governance ("ESG") risks and opportunities.

The Company is leading the formation of a new venture, Base Carbon Corp. ("Base Carbon"). Base Carbon will be an independent company with its own balance sheet, and we will expand carbon investments with creation of Base Carbon Corp. The Base Carbon platform is being assembled with experienced management, existing revenue streams, and a pipeline of future business.

Under the terms of the LOI announced on February 11, 2021, Abaxx has completed a second follow-on investment into AirCarbon Pte. Ltd. for approximately US\$1.1M, increasing Abaxx's ownership in the company to 7.5% on a fully diluted basis. Management and Directors of Abaxx have been extremely pleased with the progress and growth of AirCarbon Exchange as the company continues to develop and deliver carbon futures products and carbon mitigating solutions using traditional commodities architecture.

Overall Performance

The Company has not yet realized profitable operations as revenue streams are still being developed. During the quarter ended June 30, 2021, the Company was able to continue its development activities and maintain a strong balance sheet with a high level of liquidity with working capital of \$30.8 million (December 31, 2020, \$11.7 million). The Company has cash and cash equivalents and marketable securities of \$29.7 million as compared to December 31, 2020, when it had \$12 million.

The Company's loss for the quarter ended June 30, 2021("Q2 2021") was \$3.3 million (June 30, 2020 ("Q2 2020") \$1.9 million), and expects to incur further losses in the development of its business. See below for more details on the Company's performance.

Summary of Quarterly Results

<i>IFRS Unaudited Consolidated Income Statement</i> - (expressed in \$000s) except EPS								
Select Data	FY2021		FY2020				FY2019	
	Q2	Q1	Q4 ⁽¹⁾	Q3	Q2	Q1	Q4	Q3
Total Revenue	-	-	-	-	-	-	-	-
Total Expenses	3,775	2,951	4,794	1,693	1,684	1,688	1,639	2,789

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Net Loss Before Tax	(3,291)	(1,596)	(5,592)	(1,590)	(1,876)	(1,493)	(2,152)	(2,755)
Basic and Diluted Loss per Share	(0.04)	(0.04)	(0.14)	(0.02)	(0.04)	(0.03)	(0.06)	(0.06)

Notes:

⁽¹⁾ All figures after December 14, 2020, include New Millennium Iron Corp.

For the three months ended June 30, 2021, compared to the three months ended June 30, 2020, the Company had an increase in operating expenses of \$2.1 million or 124%. This increase was mainly due to an increase in development costs of \$0.9 million, professional fees \$0.7 million, stock-based compensation \$0.4 million and administration costs \$0.4 million. These are for ongoing development work in Singapore and Canada to meet the projects timelines.

a. Total Revenue

The Company did not generate any revenue during the quarter end June 30, 2021, or in the prior year quarter ended June 30, 2020, as revenue streams are still being developed with ACX regulatory approvals pending.

b. Loss from continuing operations

For the quarter ended June 30, 2021, the Company recorded an operational loss of \$3.8 million (June 30, 2020, \$1.7 million loss). Abaxx is a developing technology company and did not generate any revenues during either reported period. The loss was due primarily to our spending on development expenses of \$1.4 million (June 30, 2020, \$0.5 million), salaries and wages of \$0.3 million (June 30, 2020, \$0.2 million) and professional fees of \$0.7 million (June 30, 2020, \$0.2 million). The Company also incurred non-cash stock based compensation expense of \$0.7 million (June 30, 2020, \$0.3 million).

Results of Operations

Basis of Presentation

In this MD&A, Abaxx will detail its results of operations from an IFRS basis. The Company will also discuss its unaudited consolidated results from continuing operations, as reported in its unaudited interim condensed consolidated statement of operations and comprehensive loss for the three month ended June 30, 2021, with comparison to the same period in 2020.

Consolidated Financial Results

(expressed in \$000s)	Q2 2021	Q2 2020	\$ Change	% Change	FY 2021	FY 2020	\$ Change	% Change
Revenue	-	-	-	0%	-	-	-	0%
Operating Expenses								
Development	1,413	485	928	191%	2,926	971	(1,955)	(201%)
Salaries and wages	309	246	63	26%	590	535	(55)	(10%)
Professional fees	722	23	699	3,003%	1,312	157	(1,156)	(737%)
Travel, marketing and promotion	177	12	165	1,329%	221	79	(142)	(181%)
General and administrative	416	32	384	1,192%	639	38	(601)	(1,580%)
Loss on investment under equity method	-	3	(3)	(100%)	-	7	7	100%
Interest and accretion expenses	-	584	(584)	(100%)	-	1,198	1,198	100%
Share-based compensation	737	299	438	147%	1,039	387	(652)	(168%)
Total operating expenses	3,775	1,684	2,091	124%	6,726	3,371	(3,355)	(100%)
Operating loss for the period	(3,775)	(1,684)	(2,091)	124%	(6,726)	(3,371)	3,355	(100%)
Foreign exchange gain (loss)	368	(185)	553	(299%)	446	(303)	(749)	247%
Fair value adjustment on derivative liability	-	(7)	7	(100%)	-	320	320	100%
Investment income	144	-	144	100%	284	-	(284)	(100%)
(Loss) gain on fv of marketable securities	(140)	-	(140)	(100%)	926	-	(926)	(100%)
Other Income from use of wharf	111	-	111	100%	183	-	(183)	100%
Net loss for the period	(3,291)	(1,876)	(1,415)	75%	(4,887)	(3,354)	1,533	(46%)

Notes:

(1) All figures after December 14, 2020, include New Millennium Iron Corp.

Development

Development expense increased quarter over quarter (Q2 2021 over Q2 2020) by 191% of \$0.9 million. The Company focused its development timeline to meet a go live date within financial year 2021. Furthermore, in 2021, the Company moved forward with hiring more technical partners to provide specific development work geared towards go live. Abaxx has made these 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.

Salaries and wages

Abaxx is still building its core team of operators, managers, and support staff. During Q2 2021 staff cost increased by 26% when compared Q2 2020 as management continue to align with the right talent to grow with the Company coupled with a slower job market due to the pandemic. The Company expects salaries and wages will continue to increase in the coming quarters as management aim to hire more skilled staff and move closer to a “go live” with the Exchange.

Professional fees

For Q2 2021, professional fees increased by \$0.7 million or 3,003% when compared to Q2 2020. The Company incurred increased fees for legal and patent work. These professional fees incurred were towards the Company's "go live" with the Exchange.

Travel, marketing, and promotion

Travel, marketing, and promotion increased by 1,329% or \$0.2 million quarter over quarter. The major expenditures related to the development of our corporate brands, investment in marketing the brand, building out investor relations protocols and podcasts.

General and administrative

During the quarter ended June 30, 2021, the Company increased its spending on general and administrative expense by \$0.4 million or 1,192% and this mainly related to short term office spaces, internet services, postage, courier, delivery, communications, and directors and officers insurance.

Interest and accretion expenses on convertible debentures

During the prior year Q2 2020, the Company had convertible debentures that incurred interest and accretion expenses of \$0.6 million. These convertible debentures were converted to common shares of the Company in Q4 2020 and therefore no further interest cost was incurred.

Share-based compensation

Share-based compensation expense for Q2 2021 was \$0.4 million or 147% higher than for Q2 2020. The increase is related to stock options granted to employees, and consultants, intended to provide an incentive mechanism to foster the interest of these individuals in the long-term success of the Company.

Liquidity and Financial Position

Capital Resources

A key element of the Company's financing strategy is to fund its operations primarily through the issuance of equity instruments. Accordingly, the Company has historically carried manageable amounts of long-term debt.

The Company may enter into credit facilities or other financing arrangements in future periods to capitalize on market opportunities.

The following table summarizes capital resources and cash as of June 30, 2021, and December 31, 2020:

(expressed in \$000s)	June 30, 2021	December 31, 2020	\$ Change	% Change
Cash and cash equivalents	25,586	8,862	16,724	189%
Marketable securities	4,079	3,090	989	100%
Subscription receivables	189	200	(11)	100%
Funds held in Trust	-	1,326	(1,326)	100%
Other receivables	431	591	(159)	(27%)
Prepaid and other assets	244	54	190	350%
Convertible note receivable	801	801	-	0%
Accounts payable and accrued liabilities	(540)	(3,212)	2,672	83%
Net Working Capital	30,789	11,712	19,077	163%
Investments at fair value	2,720	2,085	636	30%
Tangible Capital	33,510	13,797	19,713	143%

Notes:

⁽¹⁾ All figures after December 14, 2020, include New Millennium Iron Corp.

For the quarter ending June 30, 2021, the Company had \$29.7 million in cash and cash equivalents and marketable securities, an increase of \$17.7 million or 148% over December 31, 2020. The net working capital on June 30, 2021, was \$30.8 million which was an increased of \$19.1 million or 163% over December 31, 2020. Tangible Capital on June 30, 2021, was \$33.5 million, as compared to \$13.8 million on December 31, 2020, this was an increase by \$19.7 million or 143%.

The overall increase in cash and cash equivalents, net working capital, and tangible capital can be attributed to the Company's recent equity raise of \$23.3 million (net of issue costs) and its continued investment in establishing its operations (\$6 million, cash used in year to date Q2 2021 operating activities), reducing its accounts payable (\$2.7 million), investment in AirCarbon (\$0.6 million) and these outflows were offset by a \$0.9 million gain on marketable securities. The Company continue to maintain a stable liquidity position for the quarter ended June 30, 2021, with \$29.7 million in cash and cash equivalents and marketable securities.

The Company believes its net working capital balance is sufficient to fund expected requirements for the next 12 months. These include further development of the exchange platform, marketing

expenditures to promote the growth of the business and explore additional opportunities to create shareholder value.

The Company has no significant long-term debt or material contractual payment obligations. As such, working capital can be used for further business development.

c. Total assets

For the period ended June 30, 2021, the Company had total assets of \$34 million (December 31, 2020, \$17 million) and this represents a \$17 million or 100% increase. This increase was due to the Company's recent equity raise, investment in establishing its operations, reducing its accounts payable, investment in AirCarbon and offset by a gain on marketable securities, interest income and other income from wharf usage fees.

d. Total liabilities

For the period ended June 30, 2021, the Company had total liabilities of \$0.5 million (December 31, 2020, \$3.2 million), an 83% decrease. During six months ended June 30, 2021, the Company paid down its accounts payable that included key partners, consultants and costs incurred in relation to the going public event.

The accounts payable and accrued liabilities on June 30, 2021, consisted of development costs, professional fees, and other recurring business expenses.

e. Shareholders' equity

For the period ended June 30, 2021, the Company had Shareholders' equity of \$33.5 million (December 31, 2020, \$13.8 million), an increase of \$19.7 million or 143%. The Company continue to build its operational capabilities, with a long term objective of increasing shareholders value.

f. Dividend

There have not been any distributions or cash dividends declared during the period end June 30, 2021, or June 30, 2020.

Cash Flow Summary

(expressed in \$000s)	Q2 2021	Q2 2020	\$ Change	% Change	FY 2021	FY 2020	\$ Change	% Change
Net cash provided by (used in)								
Operating activities	(2,431)	(431)	(2,000)	(464%)	(6,026)	(1,779)	(4,248)	(239%)
Investing activities	(6)	-	(6)	(100%)	(642)	-	(642)	(100%)
Financing activities	23,329	-	23,329	n/a	23,392	102	23,290	22,755%
Increase (decrease) in cash and cash equivalents	20,892	(431)	21,323	4,943%	16,724	(1,676)	18,400	1,098%

Notes:

⁽¹⁾ All figures after December 14, 2020, include New Millennium Iron Corp.

Operating Activities

For Q2 2021, the Company used \$2.4 million in cash for operating activities, an increase of \$2 million or 464% when compared to Q2 2020. This was due to an operating loss of \$2 million adjusted for share-based compensation of \$0.7 million, change in fair value of marketable securities of \$0.9 million and accounts payable of \$0.5 million, in Q2 2021.

Investing Activities

Cash from investing activities increased by \$0.6 million when compared year to date Q2 2020. On February 11, 2021, the Company through its wholly owned subsidiary Abaxx Technologies Corp. acquired an equity voting stake of 2.68% in AirCarbon Pte. Ltd ("AirCarbon") for total consideration of USD \$500,000 (\$635,600). The Company has an option to purchase a minimum of 1,346,720, up to a maximum of 10% of the common shares of AirCarbon for an agreed price of USD \$0.742545 per share. AirCarbon is an early-stage business with revenue streams that are still being developed as the platform was recently launched.

AirCarbon has created a digital exchange focused on carbon credit trading and fractionalization of carbon interests. AirCarbon's technology may supplement the Company in its initial research and development of carbon neutral and carbon offset trading of LNG and other commodities.

Financing Activities

The net cash received from financing activities for year to date Q2 2021 was \$23.4 million and this represents cash from the Q2 2021 equity raise, and stock options exercises in 2021.

Commitments and Contractual Obligations

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 USD\$25,000,000 in a calendar year.
- There is no interest accrued on royalty payments accrued and not yet paid.

As of June 30, 2021, Abaxx Singapore has not achieved any revenue and as such no amounts have been accrued in the unaudited condensed interim consolidated financial statements.

In addition, the Royalty permits the Company to purchase an increase in the royalty payments by 1% for USD\$10,000,000 by February 1, 2024.

As of June 30, 2021, the Company has not made any payments to Abaxx Singapore to increase the royalty earnings percentage.

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 was 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 USD\$2,000,000
- An amount equal to 10% of revenues on the next USD\$3,000,000
- 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, 2021, 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 period ended June 30, 2021, this agreement does not have any impact on the unaudited condensed interim consolidated financial statements of the Company.

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 part of the December 14, 2020, reverse takeover with New Millennium Iron Corp., the Company took on a legacy legal claim and this is a lawsuit filed by a former NML consultant in the amount of \$1,500,000. The Company believes that the consultant was appropriately compensated and is contesting this claim.

The RPL is from zero to approximately \$1,500,000 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.

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.

Subsequent Events

On July 14, 2021, under the terms of the agreement entered into with AirCarbon on February 11, 2021, the Company has completed a second follow-on investment through the exercise of its option into AirCarbon, acquiring an additional 1,515,970 class C preference shares for USD \$1,125,676 (\$1,406,757), increasing Abaxx's ownership in the company to 7.5% on a fully diluted basis.

Critical Accounting Estimates

The preparation of the unaudited condensed interim consolidated 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 consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated 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. The 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 receivables 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 quarter of the consolidated 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.

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.

Consolidation

Judgment is applied in assessing whether the Company exercises control and has significant influence over the entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure to rights or variable returns and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operational decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

Investment in associate

The values relating to investment in associate involve significant estimates and assumptions, including future cash flows and discount rates. It is tested for impairment annually or more frequently if the circumstances or assumptions change significantly.

COVID-19 Outbreak

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 evolve and vaccination programs are underway. 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. There are travel restrictions and health and safety concerns in areas that the Company operates including the United States of America, Barbados, Singapore, and Canada. Employees and

contractors continue to work remotely and leverage virtual technology to conduct operations. The Company is closely monitoring the business environment and continues to implement measures to keep disruptions minimal to its business operations.

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 adjusts 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, contributed surplus, reserves, non controlling interest, cumulative other comprehensive income (loss), and deficit, which totaled \$33,509,871 as of June 30, 2021 (December 31, 2020, \$13,796,834).

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. There were no changes in the Company's approach to capital risk management during the period ended June 30, 2021, and the Company is not subject to any externally imposed capital requirements.

Related Party Transactions

The Company considers key management to be officers and directors. During the three and six months ended June 30, 2021, \$45,833 and \$75,370 (three and six months ended June 30, 2020, \$31,911 and \$73,495 of fees were paid to key management and companies controlled by or related to key management.

Key management and directors received \$311,434 and \$388,512 in share-based compensation during the three and six months ended June 30, 2021 (June 30, 2020, \$120,718 and \$134,197).

During the three and six months ended June 30, 2020, the Company incurred interest expenses totaling \$9,871 and \$21,138 in connection with previous outstanding shareholder advances, bearing interest at 8% per annum. As of December 31, 2020, all shareholder advances were settled in full.

During the three and six months ended June 30, 2020, the Company paid \$8,974 and \$36,689 in professional fees to Peterson McVicar LLP, a law firm where one of the former directors is a partner. As of December 31, 2020, Peterson McVicar was no longer considered to be a related party to the Company.

Included in accounts payable and accrued liabilities is \$15,189 (December 31, 2020, \$122,362) owed to key management and companies controlled by or related to key management.

Outstanding Share Capital Data

As of the date of this MD&A, the Company had 71,021,408 common shares issued and outstanding, 5,435,136 options outstanding, each option exercisable for the purchase of one common share, 35,156 RSU's, each exercisable for one common share and 3,253,293, warrants outstanding, each exercisable for the purchase of one common share.

Risks and Uncertainties

Due to the nature of Company's business and its present stage of development, prospective investors in the Company's securities should carefully consider the specific and general risks involved in an investment in the securities of the Company. Risk factors that could materially affect the Company's business, results of operations, prospects and financial condition include:

Nature of Business; Limited Operating History and Financial Resources; Dividends Reporting Issuer Risk; Limited Assets; Limited Market for Securities; Risks related to insurance of Abaxx'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 Abaxx Tech Software and IP Portfolio; Global Financing Conditions; 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; Market 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 System Failure Risk; 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; Slow Acceptance of Products;

Additional risks and uncertainties not presently known to the Company or that the Company does not currently anticipate will be material, may impair the Company's business operations and operating results, and as a result could materially impact its business, prospects and financial condition. Please refer to those risks discussed in the materials that management from time to time file with, or furnish to, the Canadian securities regulatory authorities, including the section entitled "Risks and Uncertainties" in the Company's most recently filed annual information form, available on SEDAR at <http://www.sedar.com/>.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of June 30, 2021, the Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of its disclosure controls and procedures, as defined under the Canadian securities regulatory authorities, and have concluded that the Company's disclosure controls and procedures are effective.

Internal control over financial reporting (ICFR)

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting. These controls include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All control systems contain inherent limitations, no matter how well designed. As a result, the Company's management acknowledges that its internal control over financial reporting will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can provide only reasonable, not absolute, assurance that all control issues that may result in material misstatements, if any, have been detected. Management assessed the effectiveness of internal control over financial reporting, using the Internal Control-Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and based on that assessment concluded that internal control over financial reporting was effective as at June 30, 2021.

Changes in internal control over financial reporting

There have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting during the period ended June 30, 2021.

Additional Information

Additional information relating to the Company, including the Company's annual information form, can be found on SEDAR at www.sedar.com.