

ESG GLOBAL IMPACT CAPITAL INC.
Form 51-102F1

Management's Discussion & Analysis

For the three month period ended November 30, 2020

1.1 Introduction

Corporate structure and background

The following management's discussion and analysis ("MD&A"), prepared as of January 29, 2021, is a review of operations, current financial position and outlook for ESG Global Impact Capital Inc. (the "Company"). Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2020 and the interim financial statements for the three month period ended November 30, 2020. Those consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). Amounts are reported in Canadian dollars, unless otherwise specified.

The Company was incorporated on February 10, 2010 pursuant to the *Canada Business Corporation Act* and on February 17, 2017, the Company was continued into British Columbia under the British Columbia Business Corporation Act. The Company completed its initial public offering on December 7, 2010. On April 22, 2020 the Company changed its name to "ESG Global Impact Capital Inc.", and is listed on the TSX-V as a Tier 2 Investment Issuer under the symbol "ESGW". The Company's stated business goal is to build a portfolio of investments, with a view to participating in income and capital growth from the ultimate sale or other disposal of those investments.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

Risks and Uncertainties

COVID-19

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. It is unknown the extent of the impact the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

Liquidity Risk

Due to market conditions beyond its control, including investor demand, resale restrictions, general market trends and regulatory restrictions, the Company may not be able to liquidate investments without a listed market for their securities, when it would otherwise desire to do so in order to operate in accordance with its investment policy and strategy. Such lack of liquidity could have a material adverse effect on the value of the Company's investments and, consequently, the value of the shares of the Company.

Diversification Risk

The aggregate returns realized by the Company may be substantially and adversely affected by the unfavourable performance of even a single investment. Accordingly, there can be no assurance that the Company will be able to reduce its investment risk by diversifying its portfolio. The resulting lack of diversification may adversely impact the ability of the Company to achieve its desired investment returns.

Capital Risk

If the Company is unable to raise additional investment capital either through investment returns or new financing through securities offerings, then it will be limited in its ability to fulfill its investment objectives. This may adversely affect its long-term viability. To raise additional capital, the Company may have to issue additional shares which may dilute the interests of existing shareholders

Volatility Risk

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market price of securities of many junior companies have experienced wide fluctuations in price. The market price of the Shares may be volatile and could be subject to wide fluctuations due to a number of factors. Broad market fluctuations, as well as economic conditions generally and in the technology industry specifically, may adversely affect the market price of the common shares.

Additional Risk Factors

As described in the notes to the audited consolidated financial statements, although the Company's active investments are comprised mostly of publicly traded shares, there is no guarantee that the market would be able to absorb sale of the number of shares held by the Company without a drop in the share price, should the Company attempt to realize its investments within a very short timeframe. The reported fair value does not necessarily reflect the value that would be obtained should the Company sell its investments in an arm's-length transaction.

Readers should refer to the risk factors disclosed in the Company's Filing Statement dated July 6, 2011 filed on SEDAR.

1.2 Overall Performance

The Company was incorporated under the *Canada Business Corporations Act* on February 10, 2010. On December 7, 2010, the common shares of the Company began trading on the TSX-V under the ticker symbol "EXC.P". On July 15, 2011, the Company completed its Qualifying Transaction and is now listed on the TSX-V as a Tier 2 Investment Issuer. Pursuant to the Qualifying Transaction, the Company entered into agreements to acquire debt and equity securities of various companies. On February 14, 2017 the Company was continued into British Columbia under the British Columbia Corporations Act.. On April 22, 2020 the company changed its name to "ESG Global Impact Capital Inc." and is listed on the TSX-V under the symbol "ESGW".

During the period ended November 30, 2020, the Company has continued to make strategic investments on behalf of the shareholders of the Company.

1.3 Selected Annual Information

The following provides a summary of selected financial information, derived from the Company's audited consolidated financial statements for the years ended August 31, 2020, 2019, and 2018:

	Years ended August 31		
	2020	2019	2018
	\$	\$	\$
Total revenues	32,200	25,793	69,288
Net income (loss) and comprehensive income (loss)	1,797,035	(3,811,682)	(10,109,399)
Net income (loss) per share – Basic	0.08	(0.06)	(0.17)
Net income (loss) per share – Diluted	0.07	(0.06)	(0.17)
Total assets	6,165,598	2,282,039	5,984,954
Total liabilities	428,053	370,051	461,284

The financial information presented in the table above for the years ended August 31, 2020, 2019, and 2018 are from the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards. The reporting currency for all periods is Canadian dollars.

1.4 Summary of Quarterly Results

The following table summarizes information derived from the Company's consolidated financial statements for each of the Company's most recently completed eight quarters:

Quarter ended:	Total revenue	Total net income (loss)	Earnings (loss) per share (actual)	Earnings (loss) per share (fully-diluted)
February 28, 2019	\$22,162	\$(163,867)	\$(0.00)	\$(0.00)
May 31, 2019	\$8,763	\$(63,841)	\$(0.00)	\$(0.00)
August 31, 2019	\$(30,686)	\$(1,979,404)	\$(0.03)	\$(0.03)
November 30, 2019	\$6,451	\$(286,180)	\$(0.00)	\$(0.00)
February 28, 2020	\$6,451	\$(338,380)	\$(0.00)	\$(0.00)
May 31, 2020	\$8,834	\$256,056	\$0.00	\$0.00
August 31, 2020	\$10,464	\$1,428,531	\$0.01	\$0.01
November 30, 2020	\$10,446	\$1,374,441	\$0.08	\$0.08

1.5 Results of Operations

Discussion of Operating Results - three months ended November 30, 2020

Operating expenses in the current period decreased to \$255,453 from \$346,283 during the comparative period. The decrease in expenses was due to:

- The Company incurred expenditures relating to advertising, marketing, and investor relations of \$3,001 (2019 – (\$nil)) for advertising services as the Company initiated a rebranding and focus emanating from the name change completed in April of 2020.
- The Company incurred \$103,668 (2019 - \$20,841) in consulting fees, and the decrease was a result of the Company allowing its current portfolio of investments to mature and expended less resources on sourcing new investments.
- The Company incurred professional fees of \$25,000 (2019 - \$10,000) as there were greater legal fees incurred for agreements related to new business initiatives resulting from the Company's focus on ESG.

During the three month period November 30, 2020, the Company recorded a net income of \$1,374,441 compared to net loss of \$286,180 during the three month period November 30, 2019. In addition to operating expenses, the Company recorded an unrealized gain due to the adjustment for the increase in the fair value of investments of \$65,769 (2019 – gain of \$152,268) due to improved performing markets. The Company also recorded a realized gain of \$1,566,025 (2019 - loss of \$92,630) for the sale of investments.

1.6 and 1.7 Liquidity and Capital Resources

At November 30, 2020, the Company had working capital of \$5,867,429 with a cash balance of \$425,400. At November 30, 2019, the Company had working capital \$4,492,988 with a cash balance of \$932,982. The increase in working capital in fiscal 2020 was due to the fair value adjustments through profit and loss for new and existing investments during the year.

In addition to the above, the Company also has holdings of investments in publicly traded shares and share purchase warrants, that are accounted for as fair value through profit and loss basis, which had a market value of \$5,147,565 (2019 - \$3,375,837).

During the three month period November 30, 2020, the Company received \$Nil (2019 - \$Nil) from the issuance of common shares.

Ongoing working capital requirements are limited to those necessary to maintain the Company's ongoing public reporting obligations and support the Company in its identification and completion of further potential investment and fund-raising opportunities. Should the Company not be able to attract additional debt or equity financing, management of the Company is able to raise funds as needed through sales from its investment portfolio.

The Company has not pledged any of its assets as security for loans or otherwise and is not subject to any debt covenants.

Cash Used in Operating Activities

During the three month period November 30, 2020, the Company used \$201,968 of cash for operating activities compared to \$9,836 during the three month period November 30, 2019. The decrease in cash used for operating activities was due to the fact that the Company focused on allowing its current investment portfolio to mature therefore incurring less travel, marketing and legal costs in the year.

Cash Used In Investing Activities

During the three month period November 30, 2020, the Company used \$297,464 of cash for investing activities compared to receiving \$25,936 during the three month period November 30, 2019. red to \$854,593 received in 2019).

Cash Provided by Financing Activities

During the three month period November 30, 2020, the Company received \$Nil of cash from financing activities as compared to \$Nil during the three month period November 30, 2019.

1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

1.9 Transactions with Related Parties

During the three month period November 30, 2020, the Company:

- (a) During the three month period November 30, 2020, the Company incurred professional fees of \$7,500 (2019 - \$7,400) to a company controlled by the Chief Financial Officer ("CFO") of the Company.
- (b) During the three month period November 30, 2020, the Company incurred consulting fees of \$15,000 (2019 - \$Nil) to the Chief Executive Officer of the Company. As at November 30, 2020, the Company had \$nil payable to the CEO.
- (c) During the three month period November 30, 2020, the Company incurred consulting fees of \$Nil (2019 - \$13,341) and \$Nil(2019- \$7,256) to the former Chief Executive Officer of the Company.
- (d) During the three month period November 30, 2020, the Company incurred consulting fees of \$2,500 (2019 - \$Nil) to a company controlled by a director of the Company, which was outstanding as of November 30, 2020.
- (e) During the three month period November 30, 2020, the Company issued 1,249,999 in stock options to directors, former directors and officers (Note 10).

These transactions were in the normal course of operations and were measured at the exchange value, which represented the amount agreed upon by the transacting parties.

1.10 Other Events

None during the period.

1.11 Changes in Accounting Policies

See Note 2 to the Company's audited consolidated financial statements for the year ended August 31, 2020 for a description of the Company's accounting policies and new accounting standards that have been issued but are not yet effective with respect to the Company's consolidated financial statements.

1.12 Financial Instruments and Other Instruments

At November 30, 2020, the Company's financial instruments consist of cash, loans receivable, investments, bank indebtedness, accounts payable and accrued liabilities, amounts due to related parties, and notes payable. See the notes to the audited consolidated financial statements for the year ended August 31, 2020 for more information.

1.13 Additional Information Outstanding Share Data as at November 30, 2020 and the Report Date

Authorized

Authorized: Unlimited common shares without par value and 5,000,000 Series B redeemable convertible preferred shares with stated face value of \$10 per share, convertible at the option of the Company into common shares of the Company based upon either of the following options; redeem one dollar approximately every 180 days or a maximum of two dollar within a twelve month period.

Common Shares

As at November 30, 2020 and as at January 29, 2021, the Company had 29,467,761 common shares outstanding.

Stock Options

As at November 30, 2020, and as at January 29, 2021, the Company had 1,249,999 stock options outstanding.

Share Purchase Warrants

As at November 30, 2020, and as at January 29, 2021 the Company had 9,463,967 share purchase warrants outstanding.

Series B Preferred Shares

As at November 30, 2020 and as at January 29, 2021, the Company had 730,000 Series B preferred shares outstanding.

1.14 Subsequent Events

Subsequent to November 30, 2020:

- During the year ended August 31, 2020, the Company loaned \$261,890 (USD \$200,000) to an unrelated publicly traded company (Note 5(c)). The loan is secured, bears interest at 6% per annum, and due on December 31, 2020 in either cash or common shares of the publicly traded company at the closing trading price on the date of conversion. Subsequent to November 30, 2020, the Company entered into a loan amendment agreement that extended the maturity date to June 30, 2021.
- On December 21, 2020, the Company entered into loan settlement agreement with an unrelated publicly traded company, refer to Note 5(a), to settle \$100,000 outstanding balance of the Loan by issuing Units of the public company to the Company, at a deemed price of CAD\$ 0.05 per Unit. Each Unit is comprised of one common share and one warrant, exercisable at \$0.06 per share for 12 months from December 21, 2020. For the remaining \$186,370 outstanding balance of the Loan, the borrower has issued a new promissory note to the Company. The borrower will pay back the remaining \$186,370, plus interest continued accrued at 10% per annum to the Company on March 31, 2021.
- Subsequent to year ended November 30, 2020, 166,666 stock options expired unexercised.

1.15 Officers and Directors

Christopher Cherry, CFO, Director
David Berg, CEO, Director
Julie Zhu, Director
Nick Watters, Director