APHELION CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2020

(Expressed in Canadian Dollars)

Introduction and Basis of Presentation

This Management's Discussion and Analysis ("MD&A") provides a review of Aphelion Capital Corp.'s ("Aphelion" or "the Company") financial performance for the year ended December 31, 2020. It should be read in conjunction with Aphelion's financial statements and accompanying notes for the year ended December 31, 2020 which are available on SEDAR at www.sedar.com. The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). Information in this MD&A is current as of March 23, 2021.

Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. Further information about the Company and its operations is available on SEDAR at **www.sedar.com**.

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Aphelion's common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Forward-Looking Statements

This MD&A contains certain forward-looking information and forward-looking statements, as defined in applicable securities laws (collectively referred to herein as "forward-looking statements"). These statements relate to future events or the Company's future performance. All statements other than statements of historical fact are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or state that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Business Risks and Uncertainties" section below. 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 MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Aphelion's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward- looking statements, no] inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

Overview of the Company

Aphelion Capital Corp. (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on January 10, 2019 and is a capital pool company ("CPC"), as defined in TSX Venture Exchange ("TSX-V") Policy 2.4 ("Policy 2.4"). The Company listed its common shares for trading on TSX-V on February 26, 2020 under the symbol "APHE.P".

The Company's principal business activity is the identification and evaluation of assets, or businesses with the objective of completing a qualifying transaction (a "Qualifying Transaction") as defined by the CPC Policy.

Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V filing requirements, professional services, and office facilities and administration, subject to certain restrictions under TSX-V Policy 2.4.

The Company's registered office address is 2600-1055 West Hastings Street, Vancouver, BC V6E 3X1 and its principal place of business is located at 5479 Blueberry Lane, North Vancouver, British Columbia, V7R 4N5.

Overall Performance

As at December 31, 2020, the Company had $72,161 in cash. The Company incurred a net loss for the year ended December 31, 2020 of $127,682.

Selected Annual Information

	December 31, 2020	December 31, 2019
	$	$
Expenses	127,682	49,014
Net loss	127,682	(49,014)
Basic and diluted loss per share	(0.03)	(0.03)
Assets	72,161	79,154
Working Capital	39,052	57,372

Summary of Quarterly Results

Quarter ended	December 31, 2020 (Q4)	September 30, 2020 (Q3)	June 30, 2020 (Q2)	March 31, 2020 (Q1)
	$	$	$	$
Expenses	(28,890)	(33,002)	(25,735)	(40,055)
Net loss	(28,890)	(33,002)	(25,735)	(40,055)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Assets	72,161	100,566	113,796	135,568
Working Capital	39,052	67,942	100,744	126,479

Quarter ended	December 31, 2019 (Q4)	September 30, 2019 (Q3)	June 30, 2019 (Q2)	January 10,2019 (incorporation) to March 31, 2019 (Q1)
	$	$	$	$
Expenses	(25,040)	(12,030)	(5,558)	(6,386)
Net loss	(25,040)	(12,030)	(5,558)	(6,386)
Basic and diluted loss per share	-	-	-	-
Assets	79,154	118,757	100,286	102,923
Working Capital	57,372	74,844	89,395	97,477

Results of Operations

Three-month period ended December 31, 2020

During the three-month period ended December 31, 2020, the Company had a net loss of $28,890 compared to $25,040 for the three-month period ended December 31, 2019, representing a decrease in loss by $3,850. Major variances are as follows:

- Professional fees for the three months ended December 31, 2020 were $26,215, compared to $10,990 for the three months ended December 31, 2019. Professional fee in year 2020 was higher as a result of expenses related to legal and accounting fee relevant to qualifying transaction and CPC listing.
- General and administrative fees for the three months ended December 31, 2020 were $2,675, compared to $14,050 for the three months ended December 31, 2019. The decrease in general and administrative fees was primarily due to reduction in activities in the current year quarter. In the prior year quarter, filing fees was higher due to expenses related to filing of preliminary prospectus and other related documents on SEDAR.

Year ended December 31, 2020

During the year ended December 31, 2020, the Company had a net loss of $127,682 compared to $49,014 for 356-Day period ended December 31, 2019, representing an increase in loss of $78,668. Major variances are as follows:

- Professional fees for the year ended December 31, 2020 were $105,382 compared to $18,608 for period ended December 31, 2019. The increase was mostly due to legal fees paid with respect expenses related to legal and accounting fee relevant to qualifying transaction and CPC listing.
- General and administrative fees for the year ended December 31, 2020 were $22,300 compared to $24,020 for period ended December 31, 2019. The decrease in current year is due to the filing fees paid last year with respect to the completion of the Company's initial public offering; and
- Share-based payments for the year ended December 31, 2020 was $nil compared to $6,386 for the year ended December 31, 2019. The share-based payments were related to stock options granted during the prior period. No stock options were granted during the current year ending December 31, 2020.

Liquidity and Capital Resources

On December 31, 2020, the Company had working capital of $39,052 compared to $57,372 at December 31, 2019.

On February 26, 2020, the Company completed its initial public offering, issued 2,000,000 common shares for $0.10 per share for total proceeds of $200,000. On July 16, 2020, warrant holder exercised 2,000 warrants and received 2,000 shares for $200 paid as exercise price.

Management believes that there is sufficient working capital to meet anticipated expenses for the next twelve months.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance sheet arrangements.

Related Party Transactions

Related parties include the Board of Directors, officers, close family members and enterprises which are controlled by these individuals.

During the year ended December 31, 2020, share-based payments of $nil (December 31, 2019 - $6,386) respectively were incurred for officers and directors of the Company. There was no other remuneration paid to related parties during the period.

Proposed Transactions

The Company's current objective is to identify and evaluate assets or a business to acquire which will serve as its Qualifying Transaction subject to shareholder and regulatory approval.

On January 6, 2021, the Company entered into an amended arm’s-length letter of intent dated January 6, 2021 with ETI Technologies, Inc to its arm’s-length letter of intent dated August 7, 2020, in connection with a proposed combination of the business of ETI with the Company.

The Company entered into a binding merger agreement effective on March 3, 2021, with ETI, Electric Acquisition Corporation, a wholly-owned subsidiary of the Company, Aphelion FundCo Inc. (“FundCo”), and 1289571 B.C. Ltd., a wholly-owned subsidiary of the Company, in respect of the completion of an arm’s length reverse-takeover transaction of each of FundCo and ETI by the Company, which will constitute the completion of its Qualifying Transaction.

No transaction has been completed as of December 31, 2020.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may vary from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Going concern

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. The Company is aware that material uncertainties exist related to events or conditions that may cast significant doubt upon the Company’s ability to continue as a going concern

Assumptions used in calculation of fair value assigned to share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions, including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's equity reserves.

.

Share Capital

At December 31, 2020 and the date of this report, the Company had 4,002,000 common shares, 200,000 stock options and 198,000 agent’s warrants issued and outstanding.

As at the date of this report, the Company had 4,002,000 common shares, 200,000 stock options and 198,000 agent’s warrants outstanding.

Fair value

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

Financial Risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk for the Company is associated with its cash held in trust. The Company is not exposed to significant credit risk as its cash is held through a major bank that has high credit rating and a reputable law firm

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company is not exposed to significant liquidity risk. Accounts payable at December31, 2020 are due within 3 months of that date.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk. The Company is not exposed to significant market risk.

Capital management

The Company is actively looking to acquire an interest in a business or assets, and this involves a high degree of risk. The Company has not determined whether it will be successful in its endeavours and does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of common shares. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern.

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's general operations. To effectively manage the Company's capital requirements, the Company monitors expenses and overhead to ensure costs and commitments are being paid.

Business Risks and Uncertainties

The following are risk factors associated with the Company:

- The Company was only recently incorporated, has not commenced commercial operations and has no assets other than cash and cash held in trust. It has no history of earnings, and shall not generate earnings or pay dividends until at least after completion of a Qualifying Transaction;
- Investment in the common shares of the Company is highly speculative given the proposed nature of the Company's business and its present stage of development;
- The directors and officers of the Company will only devote a portion of their time to the business and affairs of the Company and some of them are or will be engaged in other projects or businesses such that conflicts of interest may arise from time to time;
- Until completion of a Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction;
- Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction;
- 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. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests; and
- Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in future periods.

Additional Disclosure for Venture Issuers Without Significant Revenue

During the year ended December 31, 2020 and 2019, the Company incurred the following expenses:

		2020		2019
Capitalized acquisition costs	$	-	$	-
Operating expenses		(127,682)		(49,014)
	$	(127,682)	$	(49,014)

Corporate Information

<u>Directors and officers</u>
Seth Kay – CEO and Director
Zayn Kalyan - CFO, Director and Promoter
Craig Taylor – Corporate Secretary and Director
Mahdi Shams - Director

<u>Auditor</u>
Smythe CPA

<u>Legal Counsel</u>
MLT Aikins LLP