



**(FORMERLY ASEAN ENERGY CORP.)**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

### **For the Three and Six Months ended October 31, 2015 and 2014**

The purpose of this Management Discussion and Analysis (MD&A) is to explain management's point of view regarding the past performance and future outlook of Genovation Capital Corp. ("Genovation" or the "Company").

This report intends to complement and supplement the condensed financial statements and the related notes thereon (the "financial statements") as well as important trends and risk affecting the Company's financial performance, and should be read in conjunction with the financial statements and the accompanying notes for the three and six months ended October 31, 2015. The financial statements of subsidiaries are included in the audited consolidated financial statements from the date that control commences until the date that control ceases.

All financial information contained in this MD&A is current as of December 28, 2015 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars, unless otherwise specified.

Additional information regarding the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), and the Company's website [www.genovationcapital.ca](http://www.genovationcapital.ca). The date of this MD&A is December 28, 2015.

### **FORWARD-LOOKING INFORMATION**

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

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. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, the following assumptions: that there is no material deterioration in general business and economic conditions; that there is no unanticipated fluctuation of interest rates and foreign exchange rates; that the supply and demand for, deliveries of, and the level and volatility of commodity prices develop as expected; that the Company receives regulatory and governmental approvals as are necessary on a timely basis; that the Company is able to obtain financing as necessary on reasonable terms; that there is no unforeseen deterioration in the Company's activity costs; that the Company is able to continue to secure adequate transportation as necessary for its exploration activities; that the Company is able to procure equipment and supplies, as necessary, in sufficient quantities and on a timely basis; that exploration activity timetables and capital costs for the Company's planned projects are not incorrectly estimated or affected by unforeseen circumstances; that costs of closure of various operations are accurately estimated; that there are no unanticipated changes to market competition; that the Company's estimates in relation to its natural resource interests are within reasonable bounds of accuracy and that the geological, operational and price assumptions on which these are based are reasonable; that no environmental and other proceedings or disputes arise; and that the Company maintains its ongoing relations with its employees, consultants and advisors.

Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

The forward looking statements contained herein are based on information available as of December 28, 2015.

## **DESCRIPTION OF BUSINESS & OUTLOOK**

Genovation Capital Corp. (formerly Asean Energy Corp.) (collectively with its subsidiary, the "Company") was incorporated as Mayen Minerals Ltd. under the laws of British Columbia on January 14, 1981. On Sept. 25, 2012 the Company changed its name to "Rift Basin Resources Corp." and its common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the trading symbol "RIF" as a Tier 2 mining issuer. On August 12, 2013 the common shares of the Company were delisted from Tier 2 of the TSX-V and commenced trading on the NEX board, in transition to become an oil and gas issuer. The trading symbol for the Company was changed from RIF to RIF.H.

On August 22, 2014 the common shares of the Company were voluntarily delisted from the TSX-V to commence trading on the Canadian Security Exchanges ("CSE") on August 25, 2014. The Company concurrently changed its name to "Asean Energy Corp" and its common shares commenced trading on the CSE under trading symbol "ASA".

Effective on August 20, 2015 the Company changed its name to "Genovation Capital Corp." and its common shares commenced trading under the new trading symbol "GEC" on the CSE.

The Company's focus has been to develop near term cash flow projects that minimize the necessity for dilutive share issuances, and support the Company's survival through a deflationary cycle. In September 2014, following a review of the operations, cost effectiveness and business development costs involved in Southeast Asia, and the technical breakdown in the price of oil, the focus shifted to participating in high-potential cash-flow projects largely decoupled from the price of oil.

On October 30, 2014 a Plan of Arrangement ("POA") was announced, an opportunity of immediate benefit to our shareholders, providing them a means to participate directly in a compelling cash flow project largely immune to the price of oil and the deflationary and recessive economics most of the world is experiencing.

On March 5, 2015 a final order was issued from the Supreme Court of British Columbia for the implementation of the POA effective the record date of March 12, 2015, whereby the distribution of the Company's subsidiaries' (the "Spincos") common shares to the Company's shareholders of record was completed on a pro rata basis as follows:

- For every 10 shares held of the Company, 1 share of Servomarin Industries Corp., (formerly 1016183 B.C. Ltd.), ("SIC"), was issued.
- For every 25 shares held of the Company, 1 share of 1021916 B.C. Ltd. was issued.
- For every 25 shares held of the Company, 1 share of 1024954 B.C. Ltd. was issued.

By virtue of the Arrangement and having issued shares to the public, the Spincos are deemed "Reporting Issuers" subject to continuous disclosure requirements by one or more of the provincial securities commissions. The Company no longer provides updates on its former subsidiaries' progress, which can be monitored through their own reporting requirements as filed on SEDAR.

## **SIGNIFICANT EVENTS, TRANSACTIONS AND ACTIVITIES**

### **Stock split, name change, and change of business**

On August 27, 2012, the Company underwent a complete change of management. On September 25, 2012, the Company completed a two-for-one stock split. The Company's name was changed from "Mayen Minerals Ltd." to "Rift Basin Resources Corp." and the Company's trading symbol changed from "MYM" to "RIF" under new CUSIP number 766543102

and new ISIN CA7665431028. The Company considered it appropriate to switch from being a mining issuer to an oil and gas issuer.

On August 22, 2014 the common shares of the Company were voluntarily delisted from the TSX-V to commence trading on the CSE (Canadian Security Exchange) on August 25, 2014. The Company's name was changed from "Rift Basin Resources Corp." to "Asean Energy Corp." and its trading symbol changed from "RIF" to "ASA" under new CUSIP number 04366T106 and new ISIN CA04366T1066.

On March 12, 2015 the Company completed a POA whereby the Company's three wholly-owned subsidiaries (the "Spincos") SIC, 1021916 B.C. Ltd. and 1024954 B.C. Ltd. were spun out in consideration for the pro rata issuance of common shares of the Spincos to the Company's shareholders, and the transfer of the Company's interests in certain assets to the three Spincos. By virtue of the POA and having issued shares to the public, the Spincos are deemed "Reporting Issuers" subject to continuous disclosure requirements by one or more of the provincial securities commissions.

Effective on August 20, 2015 the Company changed its name to "Genovation Capital Corp." and its common shares commenced trading under the new trading symbol "GEC" on the CSE with new CUSIP 372437103 and new ISIN CA3724371032.

#### **Non-brokered Private Placement History**

On August 27, 2012, the Company completed a non-brokered private placement of 1,943,000 units at the price of \$0.50 per unit, for net proceeds of \$971,500. Each unit consisted of one common share and one share purchase warrant, entitling the holder to purchase another common share of the Company for \$1.00 per share up to August 27, 2014.

On January 30, 2013, the Company completed a non-brokered private placement of 385,000 units at the price of \$1.00 per unit, for net proceeds of \$385,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for \$2.00 up to January 30, 2014, subject to acceleration conditions.

On March 12, 2013, the Company completed a non-brokered private placement of 380,000 units at the price of \$1.00 per unit, for net proceeds of \$380,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for \$2.00 up to March 12, 2014, subject to acceleration conditions.

On July 8, 2013 the Company completed a non-brokered private placement of 187,500 units at a price of \$0.80 per unit for gross proceeds of \$150,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for \$2.00 up to July 8, 2014, subject to acceleration conditions.

On October 18, 2013 the Company completed a non-brokered private placement of 630,000 units at a price of \$0.50 per unit for gross proceeds of \$315,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for \$2.00 up to October 18, 2014, subject to acceleration conditions.

On November 26, 2013 the Company entered into a shares-for-debt agreement with an arm's length creditor. The Company issued 91,436 shares at a price of \$0.50 per unit settling \$45,718 of the Company payables. The creditor also wrote-off a further \$26,732 of debt owed by the Company to the creditor.

On February 18, 2014 the Company completed a non-brokered private placement of 1,000,000 units at a price of \$0.50 per unit for gross proceeds of \$500,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for \$2.00 up to February 18, 2015, subject to acceleration conditions.

On May 7, 2014 the Company completed a non-brokered private placement of 1,010,016 units at a price of \$0.60 per unit for gross proceeds of \$606,010, of which \$44,000 was exchanged for payables. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for \$2.00 up to May 7, 2015, subject to acceleration conditions.

On June 23, 2014 the Company entered into a shares-for-debt agreement with an arm's length creditor. The Company issued 102,499 shares at a price of \$0.85 per share settling \$87,124 of the Company payables.

On August 29, 2014 the Company completed a non-brokered private placement of 129,330 units at a price of \$0.60 per unit for gross proceeds of \$77,600. Each unit consisted of one common share and one-half of a common share purchase warrant, with one full warrant entitling the holder to purchase one common share at a price of \$2.00 up to August 29, 2015, subject to acceleration conditions.

On December 2, 2014 the Company completed a non-brokered private placement of 540,000 units at a price of \$0.50 per unit for gross proceeds of \$270,000 of which \$12,500 was exchanged for payables. Each unit consisted of one common share of the Issuer, one-half of a common share of SIC, and the right to acquire for no additional consideration a one-half share purchase warrant of SIC, with each full SIC warrant exercisable to acquire one additional common share of SIC at a price of \$1.00 for a period of one year from closing of a POA.

On January 16, 2015 the Company completed a non-brokered private placement of 460,000 units at a price of \$0.50 per unit for gross proceeds of \$230,000, of which \$20,000 was exchanged for payables and \$50,000 was paid on behalf of SIC as a signing bonus to a consultant. Each unit consisted of one common share of the Issuer, and the right to acquire for no additional consideration one-half of a common share of SIC, and a one-half share purchase warrant of SIC, with each full SIC warrant exercisable to acquire one additional common share of SIC at a price of \$1.00 for a period of one year from closing of the POA. A change to deficit of \$92,000 resulted from the issuance of the SIC share rights and warrants pursuant to the January 16, 2015 share issuance.

On April 15, 2015 the Company completed consolidating its issued and outstanding common shares on the basis of one (new) post consolidation share for each ten (old) pre-consolidation shares. The Company had 90,391,049 common shares issued and outstanding. Following the consolidation, the Company has 9,039,101 common shares issued and outstanding, and continues to trade on the CSE under the existing stock symbol "ASA", which changed to "GEC" in the subsequent period.

On June 12, 2015 the Company closed a non-brokered private placement of 6,347,200 shares at a price of \$0.05 per share for gross proceeds of \$317,360, of which \$216,610 was exchanged for promissory notes, payables and accrued liabilities. There were no finders' fees payable in connection with this Offering. All shares issued are subject to a statutory hold period ending on October 13, 2015 in accordance with applicable securities legislation.

On September 23 and October 23, 2015 the Company closed two tranches of a non-brokered private placement of 2,833,332 shares at a price of \$0.075 per share for gross proceeds of \$212,500, of which \$7,500 was exchanged to settle a third party payable and \$20,250 was exchanged to settle accrued liabilities to an officer and director of the Company. All shares issued are subject to a statutory hold periods ending on January 24 and February 24, 2015 in accordance with applicable securities legislation.

The exercise or conversion price and the number of common shares issuable under any of the Company's outstanding warrants and stock options have been proportionately adjusted to reflect the Consolidation in accordance with their respective terms thereof. No fractional common shares were issued pursuant to the Consolidation, and any fractional common shares that would otherwise be issued were rounded down or up to the nearest whole number.

#### **Shares-for-debt settlements**

On November 26, 2013 the Company entered into a shares-for-debt agreement with an arm's length creditor. The Company issued 91,436 shares at a price of \$0.50 per unit settling \$45,718 of Company payables. The creditor also wrote-off a further \$18,873 of debt owed by the Creditor to the Company.

On May 23, 2014 the Company entered into a shares-for-debt agreement with an arm's length creditor. The Company issued 102,494 shares at a price of \$0.85 per unit settling \$87,124 of Company payables. The creditor also wrote-off a further \$31,826 of debt owed by the Creditor to the Company.

On March 12, 2015 the Company settled its \$250,000 operating loan to Servomarin Sdn. Bhd ("SSB") in exchange for five million shares of SIC to the Company, at a cost of \$0.05 per share. The loan was advanced under the terms of the Company's letter of intent (the "LOI") with SSB dated September 15, 2014. The Company transferred and assigned all its rights to the LOI to SIC, which completed the acquisition of 100% of SSB to become its parent company. The Company accounts for its investment in SIC as an available-for-sale which is subject to impairment assessment.

### **Recent Activities**

By early March 2013, the Company's management determined that a shift in geographic focus was necessary to identify and acquire appropriate near-term cash flow opportunities that can be brought online quickly. Management's strategy determined that given the risk-off environment and difficult market conditions, proven undeveloped, marginal field and potential high impact exploration prospects would provide the best chance of attracting a financing, preferably in conjunction with a strategic partner.

On May 3, 2013, following an exploratory trip to Indonesia, the Company announced a Memorandum of Understanding ("MOU") to evaluate and redevelop an onshore multi-reservoir oil field located in Bojonegoro, East Java, Indonesia known as the Dandangilo & Beji Block, containing 110 existing wells within an 80km<sup>2</sup> area. The block is located approximately 15km north of ExxonMobil's 600MMbbl Cepu discovery, and a similar distance to the south of CNOOC's Block Tuban (PT Petrochina).

On June 5, 2013 the Company announced the execution of an MOU with PT Sinergi Wijaya Kusumah ("PT Sinergi"), superseding the trilateral arrangements previously announced on May 3, 2013. Following site reconnaissance by the Company's technical team, and assessment of the technical, economic, legal and regulatory requirements associated with the exploitation of the Field, the new MOU formalized a renegotiated agreement whereby the Company could earn a 70% interest in PT Sinergi by funding initial service and enhancement work.

On August 13, 2013 the Company announced it was acquiring and evaluating a substantial volume of legacy seismic, technical and geological data with respect to the Dandangilo & Beji oil field. This appraisal process proceeds with the technical support of its strategic partner to evaluate the economic potential for secondary shallow-oil recovery, as well as the deeper target potential in the basin.

On September 17, 2013 the Company announced a letter of intent and receipt of US\$50,000 from a Lebanon-based funder towards their advancement of operating capital of up to US\$700,000 to fund technical assessment, equipment acquisition, mobilization, service and enhancement work, and administrative support as required for the first five wells on the Dandangilo & Beji oil field, in compliance with the Company's obligations under the MOU. Upon commencement of commercial oil production, the funder would be entitled to priority recovery of its initial operating capital advanced, on a 70:30 split of profit basis, until full recovery. Upon achieving full recovery, the Company is entitled to 70% of company profit until it has in turn recovered US\$700,000, in full recognition of its own past costs and the introduction of the opportunity to the funder. Subsequent to the complete satisfaction of these recoupment conditions, the parties would proceed to jointly commercialize the field on a 50:50 basis. The funding and participation arrangement with the Lebanese group precluded any deeper target potential in the basin, and any rights to additional fields that may be acquired by the Company. On December 31, 2013 the Company terminated the LOI, in accordance with the terms of the then-expired LOI, to seek a more complementary relationship.

On November 28, 2013 the Company announced that the parties were proceeding with the Company's proposed acquisition of a 70% interest in PT Sinergi Wijaya Kusumah, as contemplated in the MOU announced June 5, 2013, following receipt of field data and a legal opinion supporting the validity and enforceability of the underlying contracts, the related rights over petroleum production, and the proposed ownership structure between the parties.

On February 3, 2014 the Company announced the signing of a LOI and separate MOU (together the "Agreements"), each dated effective January 31, 2014, with Grosco International Sdn. Bhd. ("Grosco"). Grosco is a Malaysian-based company with offices in Kuala Lumpur. Grosco represents the interests of a group of Jordanian and Saudi Arabian investors seeking to supplement their respective investment portfolios with oil and gas assets in Southeast Asia. The Agreements were structured to fund the application of secondary and enhanced oil recovery ("EOR") methods to maximize oil and gas production and profits from the Company's proposed acquisition of its 70% equity interest in PT Sinergi.

On May 20, 2014 the Company announced the signing of a binding definitive agreement through its wholly-owned subsidiary to acquire the direct 70% equity interest in PT Sinergi, as contemplated in the June 5, 2013 MOU, through a Joint Venture Agreement for total consideration of US\$700,000, and to fund and complete workovers of PT Sinergi's initial onshore multi-reservoir oil fields through the Participation Agreement with Grosco International Sdn. Bhd. The Company granted incentive stock options to certain Grosco consultants to purchase up to two million common shares of the Company at a price of \$0.10 per common share (pre-rollback 1 for 10) as part of the financing commitment.

On July 16, 2014 the Company provided an update on its Participation Agreement (the "PA") with Grosco International Sdn. Bhd. The Company and Grosco were engaged in several priority initiatives to acquire access, rights and interests in additional nearby and adjacent oil and gas fields, as well as progressing negotiations to acquire several advanced CBM project interests in conjunction with a significant third party funding commitment. A permanent representative office was to be established in Jakarta. Initial workover wells had been selected, cash flow models, budgets and work programs detailed, service providers engaged, and local on-site management and operating expertise arranged for. Priority well selection was undertaken by Dr. Didit Hadianto, a former director of PT Pertamina and current professor at Institute Technical Bandung (Indonesia's top technical university). 10 wells were selected for development in the Dandangilo field, depending on the results of an initial 3 selected pilot wells. A further 14 wells were selected in the Ngrayong field, for a total of 24 wells, subject to data review being made available from Lemigas.

On July 16, 2014 the Company announced it had become aware of a claim filed with the Supreme Court of British Columbia by Mahmoud Zein and Hassan Farran (the "Claimants"), naming the Company as a defendant. The Claim is for breach of contract, loss of opportunity, unjust enrichment and negligent misrepresentation. The Claimants are also seeking court costs and interest. The Company was served with the Notice of Civil Claim on July 21, 2014 and responded and filed a counterclaim. The Company's counterclaim seeks, among other things, an interlocutory and permanent injunction enjoining the Plaintiffs from continuing to defame the Company and general and special damages for defamation and breach of contract. In addition, counsel was instructed to seek security for costs for our defense of this matter, as the Plaintiffs reside outside of this jurisdiction and have no substantial connection to British Columbia. It is Management's position that the Claim has absolutely no merit.

The lawsuit created uncertainty with respect to the Company's proposed acquisition of its 70% equity interest in PT Sinergi, and the funding risk associated with the application of secondary and EOR methods to maximize oil and gas production and profits to develop the Dandangilo & Beji oil field. Despite the group of Jordanian and Saudi Arabian investors individually investing US\$500,000 into the Company's private placements, Grosco's additional US\$1,000,000 commitment for project advancement was not forthcoming. The price of oil subsequently broke technical support with a particularly steep decline, and it became apparent a new source of funds would need to be sourced to replace Grosco.

On July 24, 2014 the Company announced entering into a definitive farmin and participation agreement with the working interest owner of an oil production project, whereby the Company could earn an undivided 50% working interest in a producing heavy oil project located in Saskatchewan. The project is supported by a resource report prepared in accordance with National Instrument 51-101 and consists of eleven heavy oil wells plus one revenue-generating waste water disposal well. The wells present an opportunity to apply new and enhanced oil recovery technologies complimentary to the Company's shallow well redevelopment activities in Indonesia. The Company can earn an undivided 50% working interest in the Project upon the parties agreeing to a work program on or before February 1, 2015, and the Company commencing and completing a reactivation program with the objective of increasing production of certain wells and/or reactivation of existing wells.

On August 19, 2014 the Company announced that the Canadian Securities Exchange (the "CSE") approved the listing of the Company's common shares on the CSE. The Company requested and obtained approval to delist its common shares from the TSX Venture Exchange at the close of trading on Friday, August 22, 2014 and commenced trading on the CSE at market open on Monday, August 25, 2014. The Company also underwent a name change to "Asean Energy Corp." with a new trading symbol "ASA", having qualified as an oil and gas issuer.

On August 29, 2014 the Company announced the signing of an LOI with Global Oil 57 Pte Ltd. (Singapore) for the proposed financing and development of upstream and downstream oil and gas projects in Southeast Asia. The LOI proposed a mechanism whereby the Company would be the beneficiary of a 5-year stream of revenue and gross profit from a significant crude oil supply contract, to be provided by and managed by Global Oil 57. The LOI also outlined that the parties jointly manage selected oil and gas assets to be developed in Indonesia, that Global Oil 57 assists the Company in raising capital to jointly develop selected projects, and that the Company enters into a share swap agreement with Global Oil 57. Additional upstream and downstream oil and gas business opportunities would be explored and managed jointly by Global Oil 57 and the Company. The actual mechanism and valuation required to complete the transaction was to be finalized through a definitive agreement between the Company and Global Oil 57 in Canada on or before September 30, 2014. Global Oil 57 subsequently requested and was granted a 30-day extension to October 30, 2014 to complete the terms of the LOI. The LOI subsequently expired and no further relations are expected between the parties.

On September 15, 2014, the Company entered into a LOI to acquire Kuala Lumpur-based Servomarin Sdn. Bhd., a company providing offshore oilfield services, testing and inspection, considered a high-growth recession-resistant sector of the oil and gas industry. The transaction is to occur by way of acquisition of shares through a wholly-owned subsidiary, subject to a definitive agreement being entered into. The strategic purpose of the proposed acquisition is primarily to achieve near term cash flow to ultimately allow the Company to position itself as a self-funding developer of shallow oil well redevelopment activities in Indonesia.

The Company also announced several changes to its leadership team and structure. Heshameldin Fathi Mohamed Khalil was initially appointed President of the Company's 100%-owned subsidiary Asean Energy Holdings Corp., ("Asean Holdings") in late September 2014. This appointment followed the collapse of the arrangement between the Company and Grosco International Sdn. Bhd. ("Grosco") announced May 20, 2014. Mr. Fathi was Grosco's Managing Director, but relinquished that role in order to take up his new responsibilities on behalf of the Company directly. The appointment was intended to internalize the Grosco funding and development mandate and directly align the common interests and objectives under one focused, clearly identifiable and brandable organization, eliminating the 50:50 earn-in provisions under the Participation Agreement with Grosco, as well as Grosco's entitlement to priority recovery of advanced working capital. Wayne Koshman stepped down as Chief Executive Officer and assumed the role of Managing Director, Corporate Development, remaining on the Board of Directors. Robert van Santen assumed the role as Chief Executive Officer, and stepped down as Chief Financial Officer and Corporate Secretary, also remaining on the Board of Directors. Mr. Albert Gerry took the position of Chief Financial Officer and Corporate Secretary on an interim basis until Ms. Annie Storey, CPA, CA, BBA took on these responsibilities effective November 2014.

On October 14, 2014 the Company provided updates on its shallow oil well initiatives, the heavy oil farm in agreement in Saskatchewan, and signaled the expectation that Global Oil 57 would likely be unable to complete on its commitments. As discussed in our October Monthly Report, the rapid decline in the price of oil and the funding delays encountered did have some positive aspects, including the development of local Southeast Asia connections and expertise to select and contract directly with local individual and collective well owners, and to more fully understand the appropriate drilling, completion and production solutions required to successfully produce oil in these particular fields. Also, with the rapidly declining price of oil which we expect may remain weak for some time, the Company managed to avoid exposure to a locked-in spending commitment that may have seen marginal or even negative returns under the existing pricing regime. It is anticipated that future contracts and project terms may see improved fiscal terms reflecting the shifting oil and gas supply and demand curve.

Also negotiated during October 2014, effective December 1, 2014 the Company entered into a replacement office lease whereby the remaining 23-months of its original 36-month operating lease over its Granville Street rented office premises in Vancouver was terminated. The company swapped out of its existing 2,148 sq. ft. premises for an adjacent 1,550 sq. ft. space, with an ability to give a 60-day termination notice, with no penalty or further obligations. The Company subsequently terminated the latter lease effective March 31, 2015 to further reduce overhead.

On October 30, 2014 the Company announced a POA whereby the Company proposed to transfer and assign all rights to the LOI with Servomarin Sdn. Bhd. to its domestic subsidiary SIC, and (1) the Company spins-out as a separate reporting issuer SIC to the benefit of existing shareholders, and then (2) SIC acquires 100% of SSB. As a result of the POA, each Company shareholder receives shares in SIC equal to the number of Company shares held by the shareholder at the final conversion factor (a ratio of one share of SIC for every ten shares of the Company held on a record date), at the close of business on the share distribution record date.

On January 6, 2015 the Company disclosed that Heshameldin Fathi Mohamed Khalil is a controlling shareholder of Servomarin Sdn. Bhd., the subject of the September 15, 2014 LOI. In September 2014 Mr. Fathi was appointed as President of the Company's inactive subsidiary Asean Energy Holdings Corp. ("Asean Holdings") in anticipation his leadership in developing selected upstream and downstream oil and gas projects in Southeast Asia directly for the Company, following his resignation from Grosco. Given the current wait and see approach to the Company's oil and gas field initiatives, and Mr. Fathi's focus of SSB's business interests, and to avoid any conflict of interest and related party issues as the Company proceeds to advance the POA with SSB and other potential acquisitions, Mr. Fathi resigned his position with subsidiary Asean Holdings effective December 24, 2014.

On January 6, 2015 the Company announced entering into an additional LOI with SSB. This followed SSB's completion of a binding Strategic Cooperation Agreement (the "SCA") on December 20, 2014 with UAE-based Inspecta International Group ("Inspecta") to jointly form a new operating company in Malaysia. Inspecta is an arms-length international leading provider of Asset Integrity Management solutions, specializing in plant & pipeline integrity, advanced NDT (Non-Destructive

Testing) and quality assurance. SSB is to source contracts and provide management and other services, while its new partner will provide all the necessary technical, engineering, equipment and personnel support as required to service clients in the offshore oil, gas, petrochemical and manufacturing industries in Southeast Asia. The Company's and SSB's board of directors agreed to take advantage of the Company's POA process to further differentiate standalone assets into self-fundable entities, and thereby authorized the Company's second domestic subsidiary 1021916 B.C. Ltd. ("Spinco #2") to spin-off and qualify as a reporting issuer, holding the assigned LOI as its initial asset. On the POA's share distribution date, all existing shareholders would receive common shares of Spinco #2 at a ratio of 1 share of Spinco #2 for every 25 shares of the Company held by the shareholder.

On January 23, 2015 the Company announced its intention to transfer additional assets into a third subsidiary company ("Spinco #3"), to be included as a proposed spin-off for the benefit of existing Company shareholders. The Company had entered into a LOI on January 13, 2015 with EarthSeal Technologies Inc., ("EarthSeal") a private company established in Hamilton, Ontario. EarthSeal wishes to produce and market the product known as EnviroSeal™, has the exclusive distribution rights to the EnviroSeal™ license, and intends to buy out all rights and patents to the technology and commercialize the product. EnviroSeal™ is a proprietary 100% environmentally friendly organic bonding emulsion derived from naturally occurring resins. The concentrated liquid bio-resin bonding agent has four main areas of commercial application: Deep Base Road Stabilization, Oil Sands Dust Control, Acid Mine Drainage Control and as an Environmental Sealant. EarthSeal seeks to fund the execution of its business plan and the Company wishes to provide access to its existing shareholder base, as well as attract additional public funding sources through the spinout of the Company's wholly-owned domestic subsidiary 1024964 B.C. Ltd. ("Spinco #3"). On the POA's share distribution date, all existing shareholders would receive common shares of Spinco #3 at a ratio of 1 share of Spinco #2 for every 25 shares of the Company held by the shareholder.

On January 28, 2015 the Company obtained an interim order providing preliminary approval from the Court for the POA.

At its March 2, 2015 AGM shareholders of the Company voted unanimously in favour of the POA as described in the Company's management information circular dated January 20, 2015 sent to shareholders. Pursuant to the POA, there will be a transfer of the selected assets to the Company's three wholly-owned subsidiaries (the "Spinco's") SIC, 1021916 B.C. Ltd. and 1024954 B.C. Ltd., in consideration for the issuance of common shares of the Spinco's, and the distribution of these common shares to the Company's shareholders on a pro rata basis.

The decision to proceed with the Arrangement was based on, among other things, the following determinations:

1. The Company's primary focus has been on oil field redevelopment and near-production opportunities, and well-positioned large-target exploration fields in Southeast Asia. The Company employs a strategy of attracting farm-in and joint venture participation to reduce risk and shareholder dilution. In recognition of the changing economic landscape and severe decline in the price of oil, management moved to secure certain ancillary opportunities determined to be in the best interests of the Company and its shareholders, and to proceed with the Arrangement. The transfer of the Company's respective assets to its subsidiaries will facilitate separate corporate development strategies and at the same time enable the Company's shareholders to retain an interest in the Assets moving forward;
2. Following the Arrangement, management of each company will consist of a strong focused executive team with significant experience, knowledge and connections in the respective industries, and will be free to focus on developing their respective assets;
3. The distribution of SIC, 1021916 B.C., and 1024964 B.C. Ltd. shares to existing shareholders pursuant to the Arrangement gives Company shareholders a direct interest in three new companies that will focus on and pursue the development of diverse businesses;
4. As separate companies focusing on their particular markets, SIC, 1021916 B.C., and 1024964 B.C. Ltd. will have direct access to broader public and private capital markets and will be able to issue debt and equity to fund projects, improvements and the acquisition and development of any new licenses or technologies and to finance the acquisition and development of expansion on a priority basis;

5. As separate companies, SIC, 1021916 B.C., and 1024964 B.C. Ltd. will be able to establish equity based compensation programs to enable them to better attract, motivate and retain directors, officers and key employees, thereby better aligning management and employee incentives with the interests of shareholders.

On March 16, 2015 the Company announced completion of its POA whereby the Company's three wholly-owned subsidiaries (the "Spincos") SIC, 1021916 B.C. Ltd. and 1024954 B.C. Ltd. were spun out in consideration for the issuance of common shares of the Spincos to the Company shareholders, and the transfer of the Company's interests in and to each of its three letters of intent to the three Spincos. In accordance with the March 5, 2015 final order from the Supreme Court of British Columbia for the implementation of the Arrangement, the distribution of the Spincos' common shares (the "Distributed Shares") to the Company's shareholders of record has been completed on a pro rata basis as follows:

For every 10 shares held of the Company, 1 share of SIC was issued  
For every 25 shares held of the Company, 1 share of 1021916 B.C. Ltd. was issued  
For every 25 shares held of the Company, 1 share of 1024954 B.C. Ltd. was issued

The Record Date for shareholder participation in the distribution was March 12, 2015. No action was required by the Company shareholders in order to receive their entitled shares of the Spincos, which were directly sent to registered shareholders, and credited to the brokerage accounts of non-registered beneficial shareholders.

By virtue of the Arrangement and having issued shares to the public, the Spincos are deemed "Reporting Issuers" subject to continuous disclosure requirements by one or more of the provincial securities commissions. Shareholders are encouraged to monitor their interest in the Spincos through each company's news releases and filings as posted to the respective Company Profile on SEDAR, accessible at [www.sedar.com](http://www.sedar.com). The Company will no longer provide updates on its former subsidiaries' progress.

On April 13, 2015 the Company announced its intention to amend its share structure by consolidating its issued and outstanding common shares on the basis of one (new) post consolidation share for each ten (old) pre-consolidation shares (the "Consolidation"). The board of directors of the Company believes that the Consolidation is necessary to better position the Company for future corporate development opportunities and financing transactions.

On April 15, 2015 the Company completed consolidating its issued and outstanding common shares on the basis of one (new) post consolidation share for each ten (old) pre-consolidation shares. The Company had 90,391,049 common shares issued and outstanding. Following the consolidation, the Company has 9,039,101 common shares issued and outstanding, and continued to trade on the CSE under the stock symbol "ASA", which changed to "GEC" in the subsequent period.

On June 12, 2015 the Company closed a non-brokered private placement of 6,347,200 shares at a price of \$0.05 per share for gross proceeds of \$317,360, of which \$216,610 was exchanged for promissory notes, payables and accrued liabilities. There were no finders' fees payable in connection with this Offering. All shares issued are subject to a statutory hold period ending on October 13, 2015 in accordance with applicable securities legislation.

Effective on August 20, 2015 the Company changed its name to "Genovation Capital Corp." and commenced trading under the new trading symbol "GEC" on the Canadian Securities Exchange.

The exercise or conversion price and the number of common shares issuable under any of the Company's outstanding warrants and stock options have been proportionately adjusted to reflect the Consolidation in accordance with their respective terms thereof. No fractional common shares were issued pursuant to the Consolidation, and any fractional common shares that would otherwise be issued were rounded down or up to the nearest whole number.

On November 9, 2015 the Company closed a private placement of 2,680 \$100.00 Convertible Debentures (collectively the "CDs") for proceeds of \$268,000 (US\$200,000), the first tranche of non-brokered financing (the "Offering") intended to raise US\$450,000 under the terms of the Company's LOI with MKHS, LLC ("MKHS") (see below for details). As at October 31, 2015 the Company had received \$134,000 (US\$100,000) towards this Offering and recorded the amount as a subscription received in advance.

Each \$100 CD entitles the debenture holder (the "Holder") thereof to convert into 2,500 common shares of the Company, for a period of up to six months, to May 5, 2016 (the "Maturity Date"). While non-interest-bearing, should the investor fail to convert any or all CDs, a US\$15,000 bonus shall be payable to the Holder upon the expiry of the Maturity Date. All

securities issued in connection with the Offering are subject to a statutory hold period of four months plus a day from the date of distribution in accordance with applicable securities legislation.

The debentures were subscribed for by Westland Capital Advisors S.A. ("Westland"), a non-arm's-length party to the Company. A director and the company's chief executive officer is an executive of Westland.

On November 25, 2015, further to a non-binding letter of intent dated October 30, 2015, the Company announced that it entered into a binding commitment letter dated November 24, 2015 (the "Commitment Letter") with MKHS, an arm's length private limited liability company incorporated pursuant to the laws of Arizona, in respect of the proposed business combination of the two companies (the "Transaction") Under the terms of the Transaction, the Company will proceed to consolidate its share capital on a one-for-three basis (the "Consolidation") and complete a US\$450,000 Offering. The shareholders of MKHS and Genovation Capital are expected to own, respectively, approximately 77 per cent and 23 per cent of the combined company (the "Resulting Issuer") after the Offering.

MKHS is a vertically integrated, fully licensed, Arizona-based marijuana cultivation, extraction and medicinal dispensary business. MKHS operates a 11,000 sf warehouse cultivation, commercial kitchen and extraction facility, and a separate 3,000 sf automated greenhouse located on 9.5 acres, zoned for expansion to 100,000 sf. The company supplies medical marijuana pursuant to the Arizona Medical Marijuana Act, operates two state-licensed "healing center" dispensaries and distributes its own in-house prepared, branded line of edibles, concentrates and extracts.

Trading in the common shares of Genovation Capital was halted prior to and as a result of entering into this binding commitment and will remain halted until such time as all required documentation has been filed with and accepted by the CSE and permission to resume trading has been obtained from the CSE. The Transaction, if completed, will constitute a "Fundamental Change" for Genovation Capital, as defined in Canadian Securities Exchange ("CSE") policies. A Fundamental Change is a major acquisition accompanied by a change of control, whereby the Transaction results in a change of control.

## **RESULTS OF OPERATIONS**

For the period ended October 31, 2015, the Company reported a loss of \$123,937 (\$0.01 per share), compared to a loss of \$771,196 (\$0.10 per share) for the comparable period in 2014. The decrease in the loss reported is due to the spinouts and abandonment of overseas project development driven by the Company's reorganization and management's cost control efforts.

## **SELECTED FINANCIAL INFORMATION**

All financial information in this MD&A has been prepared in accordance with IFRS.

The following financial data is derived from the Company's annual audited consolidated financial statements for the years ended April 30, 2015, 2014 and 2013:

	2015	2014	2013
	\$	\$	\$
General and administrative expenses	898,675	928,824	1,188,754
Project development expenses	253,299	621,353	630,889
Loss and comprehensive loss	(1,149,397)	(1,445,054)	(1,706,767)
Basic loss per common share	(0.14)	(0.03)	(0.05)
Diluted loss per common share	(0.14)	(0.03)	(0.05)
Working capital (deficiency)	(258,728)	225,017	(27,202)
Total assets	366,099	427,367	335,806
Total liabilities	371,166	196,037	359,885

All of the Company's projects are at the exploration stage and to date the Company has not generated any revenues.

At October 31, 2015, the Company had not yet achieved profitable operations and has accumulated losses of \$6,191,284 (April 30, 2015-\$6,067,347) since inception. These losses resulted in a net basic loss per share for the period ended October 31, 2015 of \$0.01 (2014 - \$0.10; 2013 - \$0.05).

**SUMMARY OF QUARTERLY REPORTS**

Results for the four quarters ending October 31, 2015, with comparatives for the four quarters ending October 31, 2014; all prepared using accounting principles consistent with IFRS:

	Three Months Ended			
	October 31, 2015 \$	July 31, 2015 \$	April 30, 2015 \$	January 31, 2015 \$
Interest income	-	-	-	-
Loss and comprehensive loss	(99,752)	(24,185)	(103,552)	(274,648)
Basic and diluted loss per share	(0.01)	(0.00)	(0.01)	(0.03)

	Three Months Ended			
	October 31, 2014 \$	July 31, 2014 \$	April 30, 2014 \$	January 31, 2014 \$
Interest income	-	-	-	-
Loss and comprehensive loss	(311,514)	(459,683)	(82,387)	(856,768)
Basic and diluted loss per share	(0.05)	(0.06)	(0.02)	(0.15)

Quarterly results will vary in accordance with the Company's exploration and financing activities.

Variances quarter over quarter can be explained as follows:

Due to a termination in oil and gas acquisition and exploration activities overseas and the completion of the reorganization and divestitures through the Plan of Arrangement, there was a decrease in general and administrative expenses from \$237,075 in the quarter ended October 31, 2014 to \$99,798 in the quarter ended October 31, 2015.

- General and administrative expenses decreased primarily due to the following:
  - decreased office rent and marketing fees
  - decreased consulting fees to existing consultants and professionals
  - decreased management fees to management, executives and directors
- In the quarters ended January 31, 2015, October 31, 2014 and July 31, 2014 stock options were granted to various parties. These grants resulted in share-based compensation expenses of \$102,878 in the quarter ended July 31, 2014, \$68,055 in the quarter ended October 31, 2014, \$53,384 in the quarter ended January 31, 2015, \$13,189 in the quarter ended April 30, 2015 and Nil in the quarter ended October 31, 2015, for a total of \$237,506 for the year ended April 30, 2015, and \$3,119 for the six months ended October 31, 2015.
- In the quarter ended January 31, 2014 there was a write down of accounts payable of \$20,448.

**Second Quarter**

During the quarter ended October 31, 2015, operating and administrative expenses totaled \$99,798, primarily consisting of management fees of \$50,001, office expenses of \$11,323, consulting fees of \$15,000, travel and related of \$10,092, and professional fees of \$3,265. The Company did not incur any overseas project development fees following the spinout of its operations.

**GENERAL AND ADMINISTRATIVE**

The operating and administrative expenses for the period ended October 31, 2015 totaled \$183,769 (October 31, 2014: \$531,433), including share-based compensation issued during the period, valued at \$3,119 (October 31, 2014: \$170,932)

calculated using the Black Scholes option pricing model. Comparatively, the major expenses for the period ended October 31, 2015 were management fees of \$97,500 (October 31, 2014 - \$189,583), consulting fees of \$30,000 (October 31, 2014 - \$35,400), professional fees (recovery) of \$(5,634) (October 31, 2014 - \$37,454), insurance expense of \$4,150 (October 31, 2014 \$6,080), office expenses of \$19,879 (October 31, 2014 - \$32,675), transfer agent and filing fees of \$11,373 (October 31, 2014 - \$13,585), telephone of \$2,322 (October 31, 2014 - \$10,903), and travel and related costs of \$16,120 (October 31, 2014 - \$22,313).

The table below details the changes in major expenditures for the three months ended October 31, 2015 as compared to the corresponding period ended October 31, 2014:

<b>Expenses</b>	<b>Increase in Expenses</b>	<b>Explanation for Change</b>
Advertising and promotion	Decrease of \$800	Decrease due to decrease in level of marketing of the Company to the investor and oil and gas communities.
Insurance expenses	Decrease of \$1,380	Decrease due to termination of downtown office premises and liability exposure.
Interest and bank charges	Increase of \$389	Increase due to non-cash deemed interest accrual on a loan facility's equity conversion /settlement agreement for loans to the Company by a company controlled by a family member of an officer of the Company.
Management fees	Decrease of \$42,082	Decrease in management's compensation due to changes in management.
Office and rent expense	Decrease of \$585	Decrease due to decrease in office expenses, supplies and rent of downtown office space.
Professional fees	Decrease of \$13,671	Decrease due to decrease in legal costs related to the Company's reorganization and general activities.
Share-based compensation	Decrease of \$68,055	Decrease due to decrease in granting of stock options to incentivize consultants and no comparable accelerated vesting due to cancelling some of the stock options.
Telephone	Decrease of \$335	Decrease due to termination of overseas business development activities.
Travel and business development	Increase of \$6,321	Increase due to commencement of new business development initiatives.
Transfer agent and filing fees	Decrease of \$11,492	Decrease due to less corporate activity.

### **Project development**

Project development covers the expenses of business development, project investigation and acquisition costs and expenses during the six month period totaling \$464 (October 31, 2014 – \$249,717) which represents direct project-acquisition-related expenses incurred primarily in Southeast Asia. The Company effectively transferred its overseas business development to its former subsidiary Servomarin Industries Corp., which was spun out as an independent reporting issuer following the completion of the March 2015 Plan of Arrangement.

### **Write down of accounts payable**

The Company's accounts payable were written down (a recovery of prior year accrued expenses) due to several negotiated settlements. On June 12, 2015 the Company closed a non-brokered private placement for proceeds of \$317,360, of which \$216,610 was exchanged for promissory notes, payables and accrued liabilities. On September 23 and October 23, 2015 the Company closed two tranches of a non-brokered private placement for gross proceeds of \$212,500, of which \$7,500 was exchanged to settle a third party payable and \$20,250 was exchanged to settle accrued liabilities to an officer and director of the Company.

The Company's primary source of funding is through the issuance of share capital. When the capital markets are depressed, the Company's activity level normally declines accordingly. As capital markets strengthen and the Company is able to secure

equity financing with favorable terms, the Company's activity levels and the size and scope of acquisitions and planned activities will typically increase.

### **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The Company has no known oil and gas resources or reserves and is not in commercial production on any properties and accordingly, the Company does not generate cash from operations. The Company finances its acquisition and exploration activities by raising capital from equity markets from time to time.

As at October 31, 2014, the Company's liquidity and capital resources are as follows:

	October 31, 2015	April 30, 2015
	\$	\$
Cash and cash equivalents	56,398	10,539
Receivables	9,519	8,249
Due from related parties	8,145	-
Advances receivable	107,001	93,650
Total current assets	181,063	122,438
Payables and accrued liabilities	30,030	371,166
Working capital	151,033	(248,728)

As at October 31, 2015, the Company had a cash and cash equivalents position of \$56,398 (April 30, 2015 - \$10,539) derived from the net proceeds of private placements. As at October 31, 2015, the Company had working capital (deficit) of \$151,033 (April 30, 2015 - \$(248,728)).

On September 23 and October 23, 2015 the Company closed two tranches of a non-brokered private placement of 2,833,332 shares at a price of \$0.075 per share for gross proceeds of \$212,500, of which \$7,500 was exchanged to settle a third party payable and \$20,250 was exchanged to settle accrued liabilities to an officer and director of the Company.

The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with current cash on hand, proceeds from the exercise of warrants and stock options, and further private placements. There is no assurance that the Company will be successful in raising additional capital on commercially reasonable terms or at all. See "Risks and Uncertainties".

### **OFF-BALANCE SHEET AGREEMENTS**

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

### **COMMITMENTS**

In July 2012, the Company signed two separate consulting agreements with officers and directors of the Company to provide management consulting and exploration services to the Company for an indefinite term effective July 1, 2012.

- a) In July 2013, the board of directors (the "Board") approved certain increases to these consulting agreements such that the total combined payments increased to \$30,000 per month.
- b) Effective October 1, 2014 a corporate reorganization and resignation resulted in the non-renewal of one consulting agreement and a reduction to management consulting and exploration services expense to the Company, such that the total payments under contract are \$15,000 per month.

**TRANSACTIONS WITH RELATED PARTIES**

During the six month period ended October 31, 2015 the Company engaged in the following transactions with related parties, not disclosed elsewhere in this MD&A:

- i. Incurred management fees and benefits of \$47,499 (2014 - \$48,750) to a company controlled by Robert van Santen, the Chief Executive Officer and a director of the Company. As at July 31, 2015, an advance of \$3,091 (2014 - \$153) was included in due from related parties.
- ii. As at July 31, 2015, \$7,459 (July 31, 2015 - \$Nil) was due to related parties, included in accounts payable and accrued liabilities. The amounts due to related parties are unsecured, non-interest bearing and have no fixed terms for repayment.
- iii. During the period ended July 31, 2015, \$127,000 (July 31, 2014 - \$Nil) was lent to the Company by a company controlled by a family member of a director and officer of the Company, subsequently repaid through participation in the June 2015 private placement.
- iv. During the period ended July 31, 2015, \$6,000 (July 31, 2014 - \$3,000) rent was paid or accrued to a company controlled by a family member of a director and officer of the Company.
- v. During the period ended July 31, 2015 \$2,700 (April 30, 2015 - \$20,160) loan facility fee (interest) was paid or accrued on the promissory note issued from a family member of a director and officer of the Company, settled through participation in the June 2015 private placement.

Summary of key management personnel compensation is as follows:

	<b>For the six months ended October 31,</b>	
	<b>2015</b>	<b>2014</b>
Share-based compensation*	\$ 3,119	\$ 170,932
Consulting, management and directors' fees	\$ 97,500	\$ 189,583
Overseas management, consulting and bonuses	\$ -	\$ 249,717

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including directors (executive and non-executive) of the Company.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the Financial Statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the recoverability of exploration and evaluation assets, valuation of share-based compensation, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the Financial Statements are as follows:

Determination of functional currency

The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity. Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. 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 earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expect timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

**NEW ACCOUNTING STANDARDS AND INTERPRETATION**

The following standards and amendments to existing standards have been adopted by the Company effective May 1, 2014:

These include IAS 32 (Amendment) Offsetting Financial Assets and Financial Liabilities, IAS 36 (Amendment) Recoverable Amount Disclosures for Non-Financial Assets, and IFRIC 21 Levies. The Company has adopted these policies and they did not have a significant effect on the financial statements. As required by IAS 34, the nature and the effect of these changes are disclosed below.

The nature and the impact of each new standard are described below:

*Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)*

The amendment to IAS 32, Financial Instruments: Presentation, requires that a financial asset and financial liability should only be offset and the net amount reported when an entity has a legal enforceable right to set off the amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

*Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)*

Under the amended IAS 36, Impairment, the recoverable amount of a CGU is required to be disclosed only when an impairment loss has been recognized or reversed.

*IFRIC 21, Levies*

IFRIC 21 clarifies that obligating events giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payments of the levy.

**Accounting standards not yet effective**

*IFRS 7, Financial Instruments – Disclosure*

IFRS 7 has been amended to require additional disclosures on transition from IAS 39 to IFRS 9 and is effective for annual periods beginning on or after January 1, 2015.

*IFRS 15, Revenue from Contracts with Customers*

IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers.

IFRS 15 was issued in May 2014 and applies to an annual reporting period beginning on or after January 1, 2017. In May 2015, IASB proposed to defer the effective date to January 1, 2018.

*IFRS 9, Financial Instruments – Classification and Measurement*

IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

The Company has initially assessed that there will be no material reporting changes as a result of adopting the above new standards; however, enhanced disclosure requirements are expected.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – inputs that are not based on observable market data.

	Financial assets at fair value			October 31, 2015
	Level 1	Level 2	Level 3	
Fair value through profit and loss financial asset				
Cash and cash equivalents	\$ 56,398	-	-	\$ 56,398
Investment in Servomarin Industries Corp.	\$250,000	-	\$250,000	\$250,000
<b>Total financial assets at fair value</b>	<b>\$306,398</b>	<b>-</b>	<b>\$250,000</b>	<b>\$ 306,398</b>

	Financial assets at fair value			April 30, 2015
	Level 1	Level 2	Level 3	
Fair value through profit and loss financial asset				
Cash and cash equivalents	\$ 10,539	-	-	\$ 10,539
Investment in Servomarin Industries Corp.	\$250,000	-	\$250,000	\$250,000
<b>Total financial assets at fair value</b>	<b>\$ 260,539</b>	<b>-</b>	<b>\$250,000</b>	<b>\$ 260,539</b>

The fair values of the Company's receivables, due from related parties, advances receivable, accounts payable and accrued liabilities and promissory note payable approximate their carrying values due to their short term nature and are classified as a Level 1 measurement.

As market prices are not available and the impact of the unobservable inputs is significant, the fair value measurement of investment in Servomarin Industries Corporation is classified as a Level 3 measurement.

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

**Credit risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its contractual obligations. The Company believes it has no significant credit risk. The Company's cash and cash equivalents are held at large Canadian financial institutions in interest bearing accounts. Accounts receivable consist of HST receivable obligations due from the government of Canada.

**Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at October 31, 2015 the Company had cash and cash equivalents of \$56,398 (October 31, 2014 - \$13,384) to settle current liabilities of \$30,030 (October 31, 2014 - \$231,869). Current market conditions continue to make the present environment for raising additional equity financing very difficult and there can be no assurance ongoing efforts will be successful. All of the Company's financial liabilities are subject to normal trade terms.

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

The Company has cash balances held with financial institutions. The Company believes it has no significant interest rate risk.

ii. Foreign currency risk

The Company does not have any significant balances denominated in a foreign currency and believes it has no significant foreign currency risk.

iii. Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

**CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity (deficiency).

The Company has historically relied on the equity markets to fund its activities. Current financial markets continue to be difficult and there is no certainty with respect to the Company's ability to raise capital. The Company will continue to assess new opportunities and seek to acquire an interest in oil and gas assets if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company currently is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management.

**SUBSEQUENT EVENTS**

**Financing**

On November 9, 2015 the Company closed a private placement of 2,680 \$100.00 Convertible Debentures (collectively the "CDs") for proceeds of \$268,000 (US\$200,000), the first tranche of non-brokered financing (the "Offering") intended to raise

US\$450,000 under the terms of the Company's LOI with MKHS, LLC ("MKHS") (see below for details). As at October 31, 2015 the Company had received \$134,000 (US\$100,000) towards this Offering and recorded the amount as a subscription received in advance.

Each \$100 CD entitles the debenture holder (the "Holder") thereof to convert into 2,500 common shares of the Company, for a period of up to six months, to May 5, 2016 (the "Maturity Date"). While non-interest-bearing, should the investor fail to convert any or all CDs, a US\$15,000 bonus shall be payable to the Holder upon the expiry of the Maturity Date. All securities issued in connection with the Offering are subject to a statutory hold period of four months plus a day from the date of distribution in accordance with applicable securities legislation.

The debentures were subscribed for by Westland Capital Advisors S.A. ("Westland"), a non-arm's-length party to the Company. A director and the company's chief executive officer is an executive of Westland.

On November 25, 2015, further to a non-binding letter of intent dated October 30, 2015, the Company announced that it entered into a binding commitment letter dated November 24, 2015 (the "Commitment Letter") with MKHS, an arm's length private limited liability company incorporated pursuant to the laws of Arizona, in respect of the proposed business combination of the two companies (the "Transaction") Under the terms of the Transaction, the Company will proceed to consolidate its share capital on a one-for-three basis (the "Consolidation") and complete a US\$450,000 Offering. The shareholders of MKHS and Genovation Capital are expected to own, respectively, approximately 77 per cent and 23 per cent of the combined company (the "Resulting Issuer") after the Offering.

MKHS is a vertically integrated, fully licensed, Arizona-based marijuana cultivation, extraction and medicinal dispensary business. MKHS operates a 11,000 sf warehouse cultivation, commercial kitchen and extraction facility, and a separate 3,000 sf automated greenhouse located on 9.5 acres, zoned for expansion to 100,000 sf. The company supplies medical marijuana pursuant to the Arizona Medical Marijuana Act, operates two state-licensed "healing center" dispensaries and distributes its own in-house prepared, branded line of edibles, concentrates and extracts.

Trading in the common shares of Genovation Capital was halted prior to and as a result of entering into this binding commitment and will remain halted until such time as all required documentation has been filed with and accepted by the CSE and permission to resume trading has been obtained from the CSE. The Transaction, if completed, will constitute a "Fundamental Change" for Genovation Capital, as defined in Canadian Securities Exchange ("CSE") policies. A Fundamental Change is a major acquisition accompanied by a change of control, whereby the Transaction results in a change of control.

## **RISKS AND UNCERTAINTIES**

### **Early Stage – Need for Additional Funds**

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 risks common to such enterprises, including undercapitalization, 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 return on shareholders' investments and the likelihood of success must be considered in light of its early stage of operations. 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 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 favorable, especially in today's volatile and uncertain financial markets. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

### **Exploration, Development and Operating Hazards and Risks**

In the normal course of business the Company is exposed to a variety of risks and uncertainties. In addition to the risks associated with liquidity and capital resources, critical accounting estimates, financial instruments, credit risk and market risk described in this MD&A, the Company is exposed to various operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect future results. Operations may be unsuccessful or delayed as a result of competition for services, supplies and equipment, mechanical and technical difficulties, the ability to attract and retain employees and contractors on a cost-effective basis, commodity and marketing risk and seasonality.

The Company is exposed to considerable risks and uncertainties including, but not limited to;

- finding oil and natural gas reserves on an economical basis;
- uncertainties related to estimating the Company's reserves;
- financial risks including access to debt or equity markets which the Company is dependent upon in order to meet obligation and liabilities as they fall due;
- technical problems which could lead to unsuccessful wells, well blowouts and environmental damage;
- obtaining timely regulatory approvals;
- third party related operational risks including the ability to obtain access to wells, access to third party gathering and processing facilities, access to pipeline, railway and other transportation infrastructure;
- fluctuations in commodity prices;
- adverse factors including climate, geographical and weather conditions and labour disputes;
- timing of future debt and other obligations;
- regulatory legislation and policies, including the fulfillment of contractual minimum work programs, the compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties, production restrictions, suspensions or revocations of contracts;
- changes to taxation policies, laws and interpretations thereof; and
- obtaining comprehensive and appropriate insurance coverage at reasonable rates;

### **Foreign Country and Political Risk**

The Company is actively pursuing oil and gas interests located in Tunisia, North Africa and the Middle East. The Company is subject to certain risks, including currency fluctuations and possible political or economic instability in the region, which may result in the impairment or loss of any rights to oil and gas concessions. Exploration and development activities may be affected in varying degrees by political instability and government regulations relating to the oil and gas industry. Any changes in regulations or shifts in political attitudes may also adversely affect the Company's business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety. To mitigate such risk, the Company funds its foreign operations on an as-needed basis. The Company does not presently maintain political risk insurance for its foreign exploration projects.

### **Title Risks**

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain rights and interests, as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of certain concessions. The Company has investigated title to all of its prospective interests and, to the best of its knowledge, title to all prospective working and economic interests are in good standing.

### **Environmental Regulations, Permits and Licenses**

The Company's operations are subject to various laws and regulations governing the protection of the environment, exploration, development, production, taxes, labour standards, occupational health and safety, waste disposal, and other matters. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain oil and gas industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in impositions of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a direction of stricter standards, and enforcement, and higher fines and penalties for non-responsibility for companies including its directors, officers and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability for the Company and its directors, officers and employees. The Company intends to fully comply with all environmental regulations.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in oil and gas operations may be required to compensate those suffering loss or damage by reason of development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of oil and gas companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties, or requirement abandonment, or delays in development of new oil and gas properties.

#### **Competition and Agreements with Other Parties**

The oil and gas industry is intensely competitive in all its phases. The Company competes with other companies that have greater financial resources and technical capacity. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

The Company may, in the future, be unable to meet its share of costs incurred under agreements to which it is a party, and it may have its interest in the properties subject to such agreements reduced as a result. Also, if other parties to such agreements do not meet their share of such costs, the Company may not be able to finance the expenditures required to complete recommended programs.

#### **Price Volatility of Public Stock**

In recent years, securities markets have experienced extremes in price and volume volatility. The market price of securities of many early stage companies, among others, 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 a stock exchange may be affected by such volatility.

#### **Economic Conditions**

Unfavorable economic conditions may negatively impact the Company's financial viability as a result of increased financing costs and limited access to capital markets.

#### **Dependence on Management**

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.

#### **Conflicts of Interest**

The Company's directors and officers may serve as directors and officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act, British Columbia ("Corporations Act") in dealing with conflicts of interest. These provisions state, where a director/officer has such a conflict, that the director/officer must at a meeting of the board, disclose his interest and refrain from voting on the matter unless otherwise permitted by the Corporations Act. In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

#### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Company's general and administrative expenses and exploration and evaluation costs is provided in the Company's condensed consolidated interim statement of comprehensive loss and note disclosures contained in its condensed Consolidated Interim financial statements for the period ended July 31, 2015. These statements are available on Genovation Capital's website at [www.genovationcapital.ca](http://www.genovationcapital.ca) or on its SEDAR page site accessed through [www.sedar.com](http://www.sedar.com).

#### **Dividends**

The Company has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for oil and gas exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors and will depend on the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors deem relevant.

### **Management's Responsibility for Financial Statements**

The information provided in this report, including the consolidated financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the Company 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

(ii) 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 Company'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 this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 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.

### **Nature of the Securities**

The purchase of the Company's securities 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 the Company's securities should not constitute a major portion of an investor's portfolio.

### **Proposed Transactions**

There are currently no significant proposed transactions except as otherwise disclosed in this MD&A. Confidentiality agreements and non-binding agreements may be entered into from time to time, with independent entities to allow for discussions of the potential acquisition and/or development of certain properties.

### **Approval**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of the Company has approved the financial statements and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

### **Forward Looking Information**

This MD&A together with the Company's financial statements for the three and six months ended October 31, 2015 contain certain statements that may be deemed "forward-looking statements". Forward looking statements in this document are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "continues", "intends", "estimates", "projects", "potential", and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management are inherently subject to significant business, economic and competitive uncertainties and contingencies. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

Inherent in forward-looking statements involve known and unknown risks, and factors may include, but are not limited to: fluctuating commodity prices, unavailability of financing, changes in government regulations and administrations, general economic conditions, general business conditions, limited time being devoted to business by directors, escalating professional

fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, competition, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause the Company's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements or the foregoing list of factors, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

#### **Additional Information**

Additional information related to Genovation Capital Corp. (the "Company" or "Genovation") is available for view on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCING REPORTING**

In connection with National Instrument ("NI") 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) adopted in December 2008 by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109.

#### **CONTINGENCY**

A Civil Lawsuit was filed with the Supreme Court of British Columbia, as first disclosed in the Company's July 16, 2014 news release. The claim resulted from the plaintiffs' desire to fund and participate in work-overs of PT Sinergi's initial onshore multi-reservoir oil fields, a project that was ultimately never completed. The Company's legal representative at McMillan LLP filed a Response and Countersuit and dealt with the Plaintiff's Canadian counsel to set a June 2015 date for examinations for discovery whereby both Plaintiffs would attend during Wayne Koshman's availability in Canada. The Plaintiffs have not responded to our efforts to arrange these examinations since February 2015.

#### **OUTSTANDING SHARES, OPTION, AND WARRANTS**

The Company has one class of common shares. Below are a summary of the common shares issued and outstanding as at October 31, 2015 and the date of this report:

	<b>As at October 31, 2015</b>	<b>As at December 28, 2015</b>
Common shares	18,219,636	18,219,636
Stock options	1,475,000	1,475,000
Warrants	2,833,332	2,833,332

#### **Stock options**

The Company has issued incentive options to certain directors, employees, officers, and consultants of the Company. As of the date of this report the Company has 450,000 options exercisable at \$1.00 and 1,050,000 at \$0.10.

<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
170,000	170,000	1.00	September 25, 2017
180,000	180,000	1.00	October 10, 2018
100,000	100,000	1.00	November 27, 2018
875,000	NIL	0.10	August 31, 2020
150,000	NIL	0.10	September 22, 2020

#### **Warrants**

The Company has issued warrants as part of its non-brokered private placements. As of the date of this report the Company has 2,833,332 warrants outstanding.

<b>Warrants issue date</b>	<b>Number of warrants outstanding</b>	<b>Exercise price \$</b>	<b>Expiry date</b>
September 23, 2015	1,866,666	0.25	September 22, 2017
October 23, 2015	966,666	0.25	October 22, 2017

### **DIRECTORS AND OFFICERS**

Robert van Santen - *Chief Executive Officer, Director*  
Annie Storey - *Chief Financial Officer, Corporate Secretary*  
Wayne Koshman – *Director of Corporate Development, Director*  
John Binder - *Director*  
Christopher Cooper – *Director*

### **OTHER REQUIREMENTS**

Additional disclosure of the Company’s technical reports, material change reports, news release and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

On Behalf of the Board,

### **GENOVATION CAPITAL CORP.**

*“Robert van Santen”*

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Robert van Santen  
Chief Executive Officer

*“Wayne Koshman”*

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Wayne Koshman  
Director of Corporate Development