POWERBAND SOLUTIONS INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

Introduction

The following Interim Management Discussion & Analysis ("Interim MD&A") of PowerBand Solutions Inc. (the "Company", "PowerBand") has been prepared and written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations and should be read in conjunction with the audited annual financial statements of the Company for the years ended December 31, 2017 and December 31, 2016 and the unaudited interim financial statements for the three and six months ended June 30, 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at August 30, 2018 unless otherwise indicated.

The unaudited interim financial statements for the three and six months ended June 30, 2018, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

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

Caution Regarding Forward-Looking Statements

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

Forward-looking statements	Assumptions	Risk factors
For fiscal 2018, the Company's operating expenses are estimated to be approximately $400,000 per month for recurring corporate operating costs	The Company has anticipated all material costs; the operating activities of the Company for the twelve-month period ending June 30, 2019, and the costs associated therewith, will be consistent with PowerBand's current expectations.	Unforeseen costs to the Company will arise; any particular operating costs increase or decrease from the date of the estimation; changes in economic conditions.
The Company will be required to raise additional capital in order to meet its ongoing operating expenses and complete its planned business development activities for the twelve-month period ending June 30, 2019.	The operating and business development activities of the Company for the twelve-month period ending June 30, 2019, and the costs associated therewith, will be consistent with PowerBand's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to PowerBand.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; interest rate and exchange rate fluctuations; changes in economic conditions.
Management's outlook regarding future trends.	Financing will be available for PowerBand's business development and operating activities; the financing market will be receptive to the Company's technological cloud-based software solution.	Industry-wide deterioration of the automotive industry; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions.
Sensitivity analysis of financial instruments.	Based on management's knowledge and experience of the financial markets, the Company believes that there would be no material changes to its results for the three months ending June 30, 2018 as a result of a change in the foreign currency exchange rates or interest rates.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond PowerBand's ability to predict or control. Please also make reference to those risk factors referenced in the "Risks and Uncertainties" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. 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 Interim MD&A.

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

Description of Business

PowerBand Solutions Inc. (the "Company") (formerly Marquis Ventures Inc.) was incorporated under the Business Corporations Act (British Columbia) on September 29, 2009, and is domiciled in Ontario, Canada. The registered office is located at 3385 Harvester Road, Suite 225 Burlington, Ontario, Canada L7N 3N2.

On February 8, 2018, the Company closed its Qualifying Transaction under TSX Venture Exchange ("Exchange") Policy 2.4 – Capital Pool Companies and changed its name to PowerBand Solutions Inc.

Effective February 9, 2018, the Company's shares trade on the Exchange under the symbol "PBX".

PowerBand is a technology company that has developed (i) an online auction format, (ii) a standardized appraisal system, (iii) a market intelligence report, (iv) a desking tool, and (v) a finance portal for utilization in the automotive industry. Currently operating in Canada it intends to launch in the United States by the end of 2018. The Company has also licensed its software platform to a firm in Australia.

The significant asset owned by PowerBand is a web based service and software program for automotive dealers, as well as other industry verticals. The software is hosted in Microsoft's Azure cloud and offers five distinct but interconnected product offerings to its clients. PowerBand's core product is responsive and has published an IOS and Android mobile application for use by its customers. A summary of the five products is listed below.

Online Auction Formats

PowerBand offers two distinct online formats within its auction portal: LiveNet and MarketPlace.

LiveNet is a real-time, targeted, mobile online auction. LiveNet allows dealers to quickly and efficiently launch vehicle "auction calls" which are comprised of condition reports, photos, disclosures and third party history reports to various networks of qualified buyers. These buyers are then encouraged to participate in a short duration auction (*via* smartphone) that results in a verified real time valuation of the described vehicle at that moment of time, and often the sale of the vehicle from the seller to the buyer.

MarketPlace, a more familiar style of online auction, allows dealers, rental and leasing companies to post used vehicles for sale to qualified wholesale buyers. This auction type features fixed length auctions, reserve bids, make an offer and buy it now functionality, and is complementary to the LiveNet auction type. MarketPlace targets dealers looking to discover new inventory for their used lots and/or dispose of excess inventory. Both auctions provide a system generated bill of sale and has arbitration policies in place to ensure the buyer's confidence.

Standardized Appraisal System

The Standardized Appraisal System is PowerBand's proprietary electronic used vehicle appraisal system. The appraisal system ensures full compliance with the regulations and vehicle disclosure rules set forth by governing bodies (such as the *Motor Vehicle Dealers Act* of Ontario) and can be customized to meet the applicable compliance requirements of any province or state. The appraisal system can be utilized on any portable device and does not depend on network coverage so is available for use anywhere.

Market Intelligence

Market Intelligence provides automotive dealerships with retail market price valuation from over two hundred and fifty thousand vehicles in the database. This product allows dealerships to customize their search within a geographic region for local market pricing on targeted vehicles identified down to the trim level of the vehicle. The analytical tools and reporting functions produce graphs, tables, maps and reports to summarize the information and enable dealers to make quick decisions based on the information presented.

Desking Tool

PowerBand's desking tool, referred to as PowerDesk, is a robust, user-friendly platform that allows a dealer to quickly and accurately prepare payment scenarios for their customers, including all manufacturer supported incentives, rebates and programs. It also allows for the industry's easiest finance to lease comparison. PowerBand's integration partners allow for one time entry of the deal, reducing time and user error. After adding any Financial & Insurance products, the deal is then pushed through to the partner's Finance Portal and in many cases, right through to the dealer's Dealer Management System.

Finance Portal

PowerBand has developed a state of the art Finance Portal, an electronic indirect lending platform that facilitates loan originations on any asset type. Target audiences for this software are new and independent automotive dealers, lenders, and original equipment manufacturers ("OEM"). The Finance Portal is a hosted service that is virtual and adaptable and can be integrated with LiveNet and Marketplace to offer banks, and other vehicle financial institutions, direct loan origination sources.

Outlook

As the use of the Internet to conduct everyday activities and commerce has become ubiquitous in today's society, and as the rise in importance of the Millennial generation (demographic following Generation Y, typically defined as those born between early 1980's and early 2000's) who crave empowerment, the traditional business model of how new and used vehicles are purchased and sold has quickly become outdated. Customers want to spend 30 minutes at a dealership, not 5 hours. Within this background and context PowerBand's management believes that the used vehicle industry is increasingly incorporating digital technologies in both the retail and wholesale markets. Management believes that this industry trend represents a strong demand for the services and technologies that PowerBand provides and the Company is well-positioned to capitalize on this opportunity.

Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company at December 31, 2017, 2016 and 2015.

	Year ended December 31, 2017	**Year ended December 31, 2016**	**Year ended December 31, 2015**
Net loss	$(2,297,145)	$(1,056,334)	$(1,337,372)
Net loss per share (basic and diluted)	$(0.03)	$(0.02)	$(0.03)
	As at December 31, 2017	As at December 31, 2016	As at December 31, 2015
Total assets	$1,300,577	$1,289,758	$56,481

The net loss for the year ended December 31, 2017, consisted primarily of (i) consulting fees of $709,974; (ii) salaries and wages of $502,488; (iii) professional fees of $441,723; (iv) amortization of web platform of $278,503; (v) software development of $260,140 and accretion of $207,165 offset by revenue of $171,326

The net loss for the year ended December 31, 2016, consisted primarily of (i) consulting fees of $250,787; (ii) professional fees of $236,865; (iii) amortization of $231, 923; (iv) salaries and wage of $150,177; and (v) software development of $121,468 offset by revenue of $112,813

The net loss for the year ended December 31, 2015, consisted primarily of (i) software development of $982,144; (ii) consulting fees of $249,094; (iii) administration expenses of $108,369; (iv) office expenses of 67,353; (v) rent of $18,207; and (vi) Professional fees of $10,740, offset by revenue of $129,193.

Operational Highlights

During the three month period ended June 30, 2018 the following corporate events took place:

1. On April 4, 2018 the shares of PowerBand Solutions Inc. were listed for trading on the OTC Pink Sheets market, under the symbol PWWBF.

2. On April 9, 2018 the shares of PowerBand Solutions Inc. were listed for trading on Germany's Frankfurt Exchange, under the symbol 1ZVA.

3. On April 11, 2018 PowerBand Solutions Inc. announced it proceeded with a consolidation of its issued and outstanding common shares on the basis of one (1) new post-consolidation common share for every four (4) pre-consolidated common shares (the "Consolidation"). The Consolidation was approved by a special resolution of the shareholders at the Company's Annual General and Special Meeting held on April 10, 2018 (the "Meeting"). All other matters brought before the Meeting were also approved, further particulars of which are available in the Company's Meeting materials filed on SEDAR. The Board of Directors of PowerBand believe the Consolidation is in the best interest of its shareholders and sought its approval in order to provide

the Company with greater flexibility to arrange additional equity financings. At a meeting of the Company's Board of Directors immediately following the Meeting, the Board resolved to proceed with the Consolidation approved by the shareholders. A total of 218,981,402 common shares of the Company were previously issued and outstanding, and after the Consolidation the Company had 54,745,342 issued and outstanding common shares.

4. On April 19, 2018 the Company announced that it had received TSX Venture Exchange approval to consolidate the Company's issued share capital on a ratio of four (4) old common shares for every one (1) new post-consolidated common share (the "Consolidation"). The Consolidation became effective at the opening of trading on Friday, April 20, 2018. The Company retained the same name and stock symbol. The Company's CUSIP and ISIN numbers were changed to 73934B400 and CA73934B4001, respectively.

5. On April 24, 2018 Saturna Group Chartered Professional Accountants LLP resigned as auditors of the Company, and the Board of Directors appointed MNP LLP based out of Vancouver, British Columbia as the new auditors for the Company.

6. On April 25, 2018 PowerBand Solutions Inc. announced that it had entered into an integration and revenue sharing agreement with Carpages.ca, a division of Autopath Technologies Inc. Carpages.ca provides an online listing of vehicles that can be bought and sold by consumers and dealers. Carpages.ca also provides additional web services, including dealer website design, search engine optimization, marketing and syndication.

7. On April 25, 2018 the Company granted board director, Robert Kiesman an option to purchase 400,000 common shares in the capital of the Company at an exercise price of $0.225 for a period of three years.

8. On April 26, 2018 PowerBand Solutions Inc. announced that it had retained Minera IR Inc. ("Minera") to provide the Company with strategic investor relations and financial communications services. Minera is an investor relations firm based out of Toronto, with a focus on broadening market awareness and engagement with the institutional and retail investment communities. Minera will be responsible for marketing and shareholder communications as well as the development and implementation of a strategic investor relations program, which includes enhancing the Company's exposure among industry stakeholders and investors across Canada, the United States and Europe. Under the terms of an investor relations agreement PowerBand will pay Minera a monthly fee of $5,000 for select strategic investor relations services on a month to month basis, terminable at any time by either party, upon providing 30 days written notice. In addition, Minera was granted stock options to purchase up to 62,500 common shares in the capital of the Company at an exercise price of $0.225 for a period of 3 years. The options will vest in 25% tranches quarterly, beginning 3 months from grant, in accordance with the policies of the TSX Venture Exchange.

9. On May 14, 2018 the Company incorporated a Florida-based wholly-owned subsidiary named PowerBand Solutions US Inc. The Company plans to commence operations in the U.S. in 2018.

10. On May 31, 2018 PowerBand Solutions Inc. announced it incorporated a U.S.-based, wholly-owned subsidiary and opened an office in northwest Arkansas, home of many global consumer goods companies, and several multi-national logistics companies with large fleets. The U.S. represents a possible source of rapid growth and the Company expects a major expansion.

11. On June 25, 2018 PowerBand Solutions Inc. appointed Joe Mastrogiacomo, CA/CPA MBA, as PowerBand's Chief Financial Officer. On the same day the Company accepted the resignation of Jing Peng as Chief Financial Officer. The Board also accepted the resignation of Barry McMillan

as interim president and a director. Mr. McMillan will remain involved with the Company in a consulting capacity. PowerBand granted certain officers and other advisors options to acquire 700,000 common shares of PowerBand (the "**Options**"). The Options have an exercise price of $0.25 per share, being equal to the closing trading price of PowerBand's shares on the TSXV on June 22, 2018. The Options will expire on the fifth anniversary of the grant date and will vest over a three (3) year period.

12. On June 29, 2018 PowerBand Solutions Inc. listed its shares in the U.S. on the OTCQB exchange under the symbol PWWBF.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Selected Quarterly Financial Information

PowerBand was not a reporting issuer for the eight most recent quarters and did not prepare financial statements for those quarters. As a result the selected financial information provided below is only for the three month period ended June 30, 2018:

Net loss	$1,798,318
Net loss per share (basic and diluted)	$0.01
Total assets	$4,308,788
Total liabilities	$1,288,364

Discussion of Operations

<u>Three month period ended June 30, 2018</u>

For the three month period ended June 30, 2018, PowerBand generated revenue of $95,905. This figure is comprised of buy and sell transaction fees associated with the purchase and sale of used vehicles by customers on its PowerBand Exchange auction portal.

For the three month period ended June 30, 2018, PowerBand incurred an operating loss of $1,798,318 with basic and diluted loss per share of $0.01. The primary expenses that comprised the operating loss include:

- Accretion expense of $52,366 was accrued using the effective interest method and capitalized to the shareholder loan balance outstanding.

- Advertising and promotion expenses totaled $246,755. This amount was comprised of public awareness campaigns, and online marketing programs following the completion of the Qualifying Transaction and the listing of the Company's shares on the TSX Venture Exchange.

- Amortization expense of $69,626, representing the quarterly amortization expense of the web platform that was acquired in March 2016. The web platform is used by the Company to develop its software applications and to sell its various services.

- Consulting Fees of $775,040 for sales, operations, marketing and finance-related Management Consulting fees.

- Insurance expenses of $18,064 representing costs associated with the Company's Directors & Officers, Cyber Technology and Commercial General Liability Insurance policies.

- Investor Relations expenses of $29,664 representing costs associated with participation in investor-focused trade shows, presentations and investor communications.

- Office expenses of $15,629 representing various office supplies.

- Professional fees of $63,500 which is composed of Legal Fees and Accounting & Audit Fees.

- Regulatory fees of $58,715, representing regulatory filing fees and expenses associated with the Company's public listing on the TSX Venture Exchange, the OTC Pink Sheets, and the Frankfurt Exchange.

- Rent expenses of $10,948 for the head office location in Burlington, Ontario.

- Software Development expenses of $91,037 related to further enhancements of the PowerBand Platform.

- Travel expenses of $99,977 in relation to management and sales meetings in Toronto, Ontario and Vancouver, B.C, as well as attendance at investor conferences.

- Wages of $346,410 for management, sales and software development personnel.

<u>Six month period ended June 30, 2018</u>

For the six month period ended June 30, 2018, PowerBand generated revenue of $105,024. This figure is comprised of buy and sell transaction fees associated with the purchase and sale of used vehicles by customers on its PowerBand Exchange auction portal.

For the six month period ended June 30, 2018, PowerBand incurred an operating loss of $4,784,957 with basic and diluted loss per share of $0.01. The primary expenses that comprised the operating loss include:

- Accretion expense of $104,732 was accrued using the effective interest method and capitalized to the shareholder loan balance outstanding.

- Advertising and promotion expenses totaled $1,004,883 This amount was comprised of public awareness campaigns, and online marketing programs following the completion of the Qualifying Transaction and the listing of the Company's shares on the TSX Venture Exchange.

- Amortization expense of $139,252 representing the quarterly amortization expense of the web platform that was acquired in March 2016. The web platform is used by the Company to develop its software applications and to sell its various services.

- Consulting Fees of $1,002,240 for sales, operations, marketing and finance-related Management Consulting fees.

- Investor Relations expenses of $79,288 representing costs associated with participation in investor-focused trade shows, presentations and investor communications.

- Share-based compensation of $654,199 representing the fair market value of incentive stock options granted using the Black-Scholes valuation model.

- Professional fees of $244,590 which is composed of Legal Fees and Accounting & Audit Fees.

- Regulatory fees of $77,940 representing regulatory filing fees and expenses associated with the Company's public listing on the TSX Venture Exchange, the OTC Pink Sheets, and the Frankfurt Exchange.

- Software Development expenses of $130,333 related to further enhancements of the PowerBand Platform.

- Travel expenses of $277,382 in relation to management and sales meetings in Toronto, Ontario and Vancouver, B.C., and travel expenses associated with the private placement financings.

- Wages of $505,502 for management, sales and software development personnel.

Liquidity and Financial Position

Cash used in operating activities was $3,534,143 for the six month period ended June 30, 2018. Operating activities were affected by the net loss of $4,784,957 offset by non-cash items of $139,252 for amortization of the intellectual property, $104,732 in Accretion expense, $654,199 in share-based compensation, $131,648 in the Fair value of Marquis, and $491,338 in accounts payable and accrued liabilities.

At June 30, 2018, PowerBand had $2,558,296 in cash and cash equivalents, $108,080 in Trade receivables, $290,073 in HST recoverable, $258,420 in Refundable deposit, $55,098 Due from related parties, and $274,967 in Prepaid expenses.

The Company has limited operating revenues and therefore must utilize its funds obtained from the equity financing and other financing transactions to maintain its capacity to meet ongoing business development and operating activities.

As of June 30, 2018 the Company had 54,745,342 common shares issued and outstanding.

As of June 30, 2018 the Company had an outstanding shareholder loan in the amount of $383,427 a Federal Development loan outstanding of $74,527, accounts payable and accrued liabilities in the amount of $830,410. These amounts are short-term and non-interest bearing.

The Company's use of cash at present occurs, and in the future will occur, in several areas, including, funding of its business development efforts, completing and implementing its strategic partnerships, developing a customer support infrastructure, enhancing its software development efforts, and for general and administrative expenditures. For fiscal 2018, the Company's expected operating expenses are estimated to average $400,000 per month for recurring operating costs. Management may reassess its planned expenditures based on the Company's working capital resources, the success of adding new customers to the PowerBand Platform, and the overall condition of the financial markets.

As of June 30, 2018, the Company had a net working capital surplus of $2,659,997.

Change in accounting policy

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. At January 1, 2018, the Company adopted this pronouncement and there was no material impact on its financial statements.

IFRS 15 - Revenue from Contracts with Customers. This IFRS establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. At January 1, 2018, the Company adopted this pronouncement and there was no material impact on its financial statements.

Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2016 or later. Updates that are not applicable or are not consequential to the Company have been excluded.

IFRS 16 – Leases. This IFRS, which supersedes IAS 17 – Leases, specifies how to recognize, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, has also been applied. The Company is still evaluating what impact, if any, this will have on the financial statements.

Capital risk management

The Company manages and adjusts its capital structure based on available funds in order to support its business development efforts, completing and implementing its strategic partnerships, developing a customer support infrastructure, enhancing its software development efforts, and for general and administrative expenditures. The Board 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. As of June 30, 2018 the capital of the Company consisted of common shares and common share purchase warrants.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

Financial Instruments

The nature of an existing licensing and royalty agreement with a firm in Australia, and future strategic partnerships in the United States exposes the Company to risks associated with fluctuations in foreign currency exchange rates. To date, the Company has not used derivative financial instruments to manage this risk.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if the Company is not successful in generating revenue through the addition of customers to the PowerBand Platform, or the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company expects to generate cash flow primarily from operating activities. As of June 30, 2018, the Company had working capital surplus of $2,659,997.

Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to accounts receivable from customers that utilize its PowerBand Platform service offering. The Company has no significant concentration of credit risk arising from operations as the monthly accounts receivable from any one customer will not negatively impact the cash flow of the Company.

Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate significantly due to changes in market prices. The value of the financial instruments can be affected by changes in interest rates, prices and foreign exchange rates. Management believes the risk of loss related to market risk to be remote.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates.

Fair value hierarchy

Cash and cash equivalents has been classified as loans and receivables and is measured at amortized cost. Accounts payable and accrued liabilities is classified as other financial liabilities and are measured at amortized cost.

IFRS 7 Financial Instruments: Disclosures requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

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

As at June 30, 2018 and December 31, 2017, none of the Company's financial instruments were held at fair value.

Related Party Transactions

(a) Compensation of key management personnel of the Company

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of the Board of Directors, corporate officers, including the Chief Executive Officer, the President, the Chief Financial Officer, and the Chief Technology Officer.

Key management personnel compensation for the three month period ended June 30, 2018 was as follows:

President	$ 37,500
Chief Financial Officer	$ 7,950
Chief Technology Officer	$ 34,892.34

(b) Loans from Officers and Directors

Shareholder loans outstanding at June 30, 2018 were $383,427. This amount bears interest at a rate of 4.2%, compounded annually with fixed repayment terms over five years.

(c) Transactions with Related Parties

The Company recorded sales transactions to companies during the three month period ended June 30, 2018 which would be considered related party transactions as they are between the Company and a related party (companies under common control):

	June 30, 2018
Fees paid	$15,519

These transactions were recorded at market rates, terms and conditions that are consistent with those reported with unrelated parties.

Share Capital

Following a 4:1 consolidation of the share capital of the Company that became effective on April 19, 2018. As of the date of this MD&A, the capital structure of the Company was as follows:

Current Capital Structure (as of August 30, 2018)

Common Shares Issued	54,745,342
Broker Unit Warrants(1)	
Underlying Common Shares	2,645,188
Underlying Warrants(2)	1,322,594
Warrants (2)	16,683,093
Options (3)	4,993,500
Total	**80,389,717**

(1) Broker Unit Warrants have a strike price of $0.30 for a period of two years and are comprised of a Common Share and a half Warrant

(2) Every four (4) Warrants entitle the holder to acquire one Common share at a price of $0.60, with an expiration date of February 1, 2021

(3) 2,931,000 Options have a strike price of $0.30, and an expiration date of February 1, 2023
462,500 Options have a strike price of $0.225, and an expiration date of April 24, 2021
500,000 Options have a strike price of $0.25, and an expiration date of June 22, 2023
200,000 Options have a strike price of $0.25, and an expiration date of June 25, 2023
900,000 Options have a strike price of $0.165, and an expiration date of August 13, 2023

Disclosure of Internal Controls

Management has established processes to provide them sufficient with knowledge to support representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements; and (ii) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this 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 issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
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 issuer's GAAP (IFRS).

The Company'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.

Risks and Uncertainties

The operations of the Company are speculative due to the high-risk nature of its business, which is the development and implementation of automotive industry-related software. These risk factors, although not exhaustive, could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward–looking information relating to the Company.

Liquidity Concerns and Future Financings

The Company will require significant capital and operating expenditures in connection with the development of software platform and the operation of its auction and finance portal services. There can be no assurance that the Company will be successful in obtaining required financing as and when needed. Volatile markets may make it difficult or impossible for the Company to obtain debt financing or equity financing on favourable terms, if at all. Failure to generate positive operating cash flow, or to obtain additional financing on a timely basis may cause the Company to postpone or slow down its development plans, or reduce or terminate some or all of its activities.

Dilution Risk

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or securities convertible into common shares. The constating documents of the Company will allow it to issue, among other things, an unlimited number of common shares for such consideration and on such terms and conditions as may be established by the directors of the Company, in many cases, without the approval of shareholders. The size of future issues of commons shares or securities convertible into common shares or the effect, if any, that future issues and sales of the common shares will have on the price of the common shares cannot be predicted at this time. Any transaction involving the issue of previously authorized but unissued common shares or securities convertible into common shares would result in dilution, possibly substantial, to present and prospective shareholders of the Company.

Limited Revenues

To date, the Company has recorded limited revenues as it has been operating its auction platform within a core group of automotive dealerships within Ontario. The Company has purposefully chosen not expand its network of buyers and sellers until the software platform was fully operational and strategic partnerships were in place to allow for rapid deployment of the PowerBand Platform. The Company believes that both of those conditions have been met as of the first quarter of 2018. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years in relation to the engagement of consultants, partners and personnel to advance the Company's product offering.

Foreign Exchange

The Company will be subject to foreign exchange risks relating to the relative value of the Canadian dollar as it expand its product offering to other jurisdictions, namely the United States. Presently, the Company supports its operations by raising financing in Canadian dollars and incurs expenditures in both Canadian and United States dollars.

Competition

PowerBand competes with many other automotive software development companies that have substantially greater resources than the Company. Such competition may result in the Company being unable to acquire sufficient number of customers to achieve profitability, recruit or retain qualified employees or acquire the capital necessary to fund its operations. The Company's inability to compete with other automotive software development companies for these resources would have a material adverse effect on the Company's results of operation and business.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of PowerBand may have a conflict of interest in negotiating and concluding terms respecting such participation.

Dividends

To date, PowerBand has not paid any dividends on its outstanding securities and does not expect to do so in the foreseeable future. Any decision to pay dividends on the common shares will be made by the board of directors on the basis of the Company's earnings, financial requirements and other conditions.

Litigation

PowerBand has entered into legally binding agreements with various third parties on a consulting basis. The interpretation of the rights and obligations that arise from such agreements is open to interpretation and PowerBand may disagree with the position taken by the various other parties resulting in a dispute that could potentially initiate litigation and cause PowerBand to incur legal costs in the future. Given the speculative and unpredictable nature of litigation, the outcome of any such disputes could have a material adverse effect on PowerBand.

Foreign Operations

As of June 30, 2018 the Company only had operations that were located in Canada. During the period the Company incorporated a Florida-based wholly-owned subsidiary named PowerBand Solutions US Inc. The Company plans to commence operations in the U.S. in 2018. The Company may also decide in the future to commence operations in another country. As such, the Company may be exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction.

Subsequent Events

Subsequent to the three month period ended June 30, 2018, the following corporate activities occurred:

1. On July 10th 2018 the company entered into a non-binding Letter of Intent with 1070879 B.C. Ltd. operating as LeadSource Canada to acquire 100% of all the outstanding shares of LeadSource. Based in Kelowna, British Columbia, LeadSource is a next generation automotive private sale event marketing company. As consideration for the transaction Powerband will pay LeadSource a cash purchase price of up to $100,000 for 100% of the shares. The President of LeadSource, Paul Mountney will enter into an employment agreement that will include an annual bonus of common shares being issued based on surpassing annual targets for the number of private sales events performed. During the quarter a deposit of $20,000 was made towards the overall purchase price.

2. On July 18th, 2018 the company signed a Letter of Intent with Zoom Blockchain Solutions Inc, to establish a disruptive automotive-related blockchain and application technologies solution. The alliance will be named, Zoom Automotive Solutions and will include several leading automotive, technology and financial partners. The new joint venture, Zoom Automotive Solutions will be

equally owned 50/50 between the two organizations and will be located in Rogers Arkansas. The joint venture will develop a blockchain powered mobile application to buy and sell cars. As part of the transaction a refundable deposit of $200,000 USD was made during the quarter.

3. On August 1st, 2018 the company signed a Letter of Intent with TUV NORD Mobility Inc in order to integrate their respective business platforms. TUV NORD Mobility Inc. is a subsidiary of TUV NORD Group, a technical service provider with worldwide activities. Founded in 1869 and headquartered in Hanover Germany, TUV NORD Group employs more than 10,000 people in more than 70 countries throughout Europe, Asia, North and South America and Africa. TUV NORD is a global authority in the Technical Inspection and Certification (TIC) industry. Their main activities include independent vehicle inspections for private consumers, dealerships and OEMs.

4. On August 13th, 2018 the company announced that it has taken a significant step in expanding its opportunities in the United States by engaging Mike Moen, MSc, EMPA MBA as a Strategic Advisor. Mike brings over 25 years of business experience in the private and public sector to Powerband. He has an extensive background in working with technology companies in scaling and financing their operations in the United States, and elsewhere across the globe. He has worked with companies in New York, Silicon Valley, London and Canada. As a result of his engagement and other consultants, Powerband has granted them options to acquire an aggregate of 900,000 common shares of Powerband at an exercise price of $0.165, being the closing trading price of Powerband's shares on the TSX-V on August 10th, 2018. The options expire five years from the date of grant and will vest over a three year period.

5. On August 30th, 2018 the Company announced that it had received approval from the TSX Venture Exchange and will close its acquisition (the "Transaction") of 1070879 BC Ltd. operating as LeadSource Canada ("LeadSource") on August 31, 2018. The Transaction will be completed by the purchase of all of the outstanding securities of LeadSource pursuant to a definitive share purchase agreement.

Additional Information

For additional information, please see www.powerbandsolutions.com.