FAX CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020

This Management Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements of FAX Capital Corp. (the "Company") for the year ended December 31, 2019 and the related notes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars. This MD&A is prepared as of May 14, 2020.

The financial information of the Company within this MD&A is derived from the financial statements of the Company as at and for the three months ended March 31, 2020 prepared in accordance with International Financial Reporting Standards ("IFRS") accounting policies as issued by the International Accounting Standards Board IASB.

Additional information relating to the Company, including the Company's most recent financial statements and Annual Information Form, is available at www.sedar.com. Additional information can also be accessed from the Company's website at www.faxcapitalcorp.com.

BUSINESS PROFILE

FAX Capital Corp. is an investment holding company. The Company invests in equity, debt and/or hybrid securities of high-quality public and private businesses, with a goal to building long-term wealth for shareholders. Our Subordinate Voting Shares and Founder Warrants trade on the Toronto Stock Exchange (the "TSX") under the symbol "FXC" and "FXC.WT", respectively.

STRATEGY OVERVIEW

The following description is an overview of the Company's investment strategy:

- We intend to invest in approximately 10 to 15 high-quality small cap public and private businesses located primarily in Canada and, to a lesser extent, the United States.
- We anticipate that approximately 60% to 80% of our capital will be allocated towards public company investments, where we intend to take meaningful and influential stakes in carefully selected companies that have the potential to significantly improve the fundamental value of their business over the long-term. We target small cap businesses with a market capitalization of between $15 million and $1.5 billion.
- The balance of our capital, or approximately 20% to 40%, will be allocated towards private company investments, where we will seek to enhance returns and provide our shareholders with a unique opportunity to obtain exposure to high-quality private businesses with enterprise values in the range of $15 million to $250 million.
- Our ownership position in a portfolio company may range from a minority ownership position to a significant influence position including, in some instances, control.
- We intend to use our ownership position to support our portfolio company's growth and development through active ownership. The support we extend to our portfolio companies may be provided by way of board representation, board observer rights, strategic, financial, governance and capital market support.
- We are long-term investors in businesses, and operate with a permanent capital base which enables us to provide long-term stable capital to our portfolio companies, and to remain patient to maximize the power of compounding.

INVESTMENT RESTRICTIONS

Each of the Company's portfolio investments is subject to a concentration restriction that prohibits the Company from making an investment if, after giving effect to such investment, such investment would exceed 20% of its total assets on such date; provided, however, that the Company will nonetheless be permitted to complete up to two portfolio investments where, after giving effect to each such investment, the total amount of each such investment would be equal to no more than 25% of its total assets on such date (“Investment Concentration Restriction”). While the Company currently intends to make between 10 and 15 investments in accordance with its business objective, it will invest the net proceeds of the Offerings in a minimum of six different investments (the “Minimum Investment Restriction”). Further, the Company will invest at least 75% of the net proceeds of the Offerings on or before November 21, 2022, except where the Board determines, acting reasonably and in good faith, that satisfying such commitment would result in a breach of the Board’s fiduciary duties under applicable corporate law. Pending deployment into investment Portfolio Companies, the Company will invest at least 90% of the net proceeds of the Offerings in liquid and low risk securities.

DEVELOPMENT OF THE BUSINESS

Public Offering

On November 21, 2019, the Company closed a public offering (the “Offering”) of units of the Company (“Units”). Each Unit consisted of one Subordinate Voting Share of the Company and one Subordinate Voting Share purchase warrant (a “Founder Warrant”). An aggregate of 15,560,000 Units were issued by the Company at the offering price of $4.50 per Unit for aggregate gross proceeds of $70.0 million. Also on November 21, 2019, the Company closed the purchase by Fax Investments Inc., on a private placement basis, of 26,671,110 Multiple Voting Shares for aggregate gross proceeds of $120.0 million. Fax Investments did not receive any Founder Warrants as part of its subscription for Multiple Voting Shares. The aggregate gross proceeds of the Offering and the private placement (collectively, the “Offerings”) was $190.0 million.

TSX Sandbox Initiative

As a condition to our listing on the TSX, and pursuant to the TSX’s Sandbox initiative for the listing of new issuers (the “TSX Sandbox”), the Company is required to make the following disclosures:

- The Company does not meet the original listing requirements of the TSX set out at section 309(a) of the TSX Company Manual;

- The TSX has exercised its discretion to waive the requirements for historical earnings and pre-tax cash flow, and has listed the Company pursuant to the TSX Sandbox. Listing pursuant to the TSX Sandbox was conditioned upon a public raise resulting in minimum gross proceeds of $50 million;

- The Company will remain listed pursuant to the TSX Sandbox rules until such time as it has: (i) deployed 50% of the proceeds raised pursuant to the Offerings; and (ii) publicly filed interim financial statements reflecting a full quarter of operating history subsequent to listing on the TSX; and

- As disclosed in its annual information form under the heading "Risk Factors", the Company has limited operating history in its current business and there is a very limited basis upon which prospective investors may evaluate the Company's ability to achieve its stated business objective.

SUMMARY OF INVESTMENT PORTFOLIO

The Company held the following investments as at March 31, 2020:

Table 1: Schedule of Investment Portfolio as at March 31, 2020

($ thousands) Number of Securities	Description	Cost	Fair Value	% of Portfolio Fair Value
	Public company investments			
695,400	Points International Ltd.	15,048	8,060	4.5%
11,329,000	Hamilton Thorne Ltd.	13,492	11,782	6.6%
443,976	Information Services Corporation	6,795	6,415	3.6%
	Cash (Cash less Due to Broker)	151,517	151,517	85.2%
		186,851	**177,774**	**100.0%**

In the first quarter of 2020, the Company deployed $35.3 million of capital into three public company investments, in accordance with its business objective and investment strategies, and subsequent to the end of the quarter has invested an additional $23.0 million. The Company continues to review its active investment pipeline and anticipates continuing to deploy capital in the near-term to take advantage of market volatility. In taking a thorough and patient approach to investing, however, the Company will not waiver from its disciplined diligence process in reviewing and structuring potential transactions, and will take its time to ensure only the highest quality investments are made.

UPDATE ON INVESTMENT POSITIONS INITIATED IN THE QUARTER

Points International Ltd.

Business Overview

Points International Ltd. (“PTS”) is the global leading provider of e-commerce and technology solutions to the loyalty industry, connecting loyalty programs, third party brands and consumers across a global transaction platform. The company is headquartered in Toronto, Canada and maintains offices in San Francisco, United States, London, England, Singapore and Dubai. As of December 31, 2019, PTS had 269 full-time employees. The company’s shares are listed on both the TSX under the trading symbol “PTS” and on the NASDAQ Capital Market under the trading symbol “PCOM”.

PTS operates under the following three reportable segments:

Loyalty Currency Retailing: PTS provides products and services designed to help loyalty program members unlock the value of their loyalty currency and accelerate the time to a reward. Included in this segment are PTS’ buy, gift, transfer, reinstate, accelerator and status miles services. This segment has direct partnerships with over 30 loyalty programs where PTS either takes a principal or agency role in retailing and wholesaling of loyalty currencies.

Platform Partners: PTS provides a portfolio of technology applications through the Loyalty Commerce Platform, an open, Application Program Interface transaction processing platform that enables the broad distribution of loyalty currencies across loyalty programs and third-party channels.

Points Travel: PTS provides a white-label travel booking solution for the loyalty industry that allows consumers to earn and redeem their loyalty currency while making hotel bookings and car rentals online.

Additional information about the company can also be accessed from PTS’s website at www.points.com.

Transaction Description

The Company's Investment Committee approved an investment in PTS in February 2020. As at March 31, 2020, the Company had acquired 695,400 common shares in PTS through open-market purchases for a total consideration of $15.0 million, representing a 5.3% equity ownership interest in the company. Subsequent to March 31, 2020, the Company acquired an additional 148,355 common shares for consideration of $1.9 million, representing a 6.4% equity ownership in the company at this time. The Company currently owns 843,755 common shares of PTS, with a cost of $16.9 million and a fair value of $8.9 million.

Investment Thesis

We believe PTS is a well-run, profitable growth business that is a key service provider for loyalty programs in the aviation, hospitality and financial services industries. PTS provides a strong value proposition to its loyalty partners, providing ancillary opportunities for its customers to generate revenue at a low cost and on a highly accretive basis. In March 2020, PTS announced its long-term goal of exiting 2022 with gross profit and adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA") in the high-US$90 million and the mid-US$40 million range, respectively. This adjusted EBITDA goal is more than double its fiscal year 2019 performance. Although these financial objectives may be delayed due to the negative impacts from the COVID-19 pandemic, we believe PTS presents an attractive growth story for its investors. In our view, this growth will be driven by positive long-term secular growth in air travel and loyalty currency consumption, as well as driving organic growth through existing services and cross-selling opportunities. PTS value proposition to platform partners is demonstrated by the recent signing of a new customer, Air Canada. We believe that we will generate an attractive return on our investment over the long-term because of PTS' growing EBITDA and cash flows driven by an eventual recovery in air travel, continued growth in the business, and its operating leverage.

Hamilton Thorne Ltd.

Business Overview

Hamilton Thorne Ltd. ("HTL") is a manufacturer and distributor of equipment, precision instruments, consumables, software and services to the global Assisted Reproductive Technologies ("ART") market. HTL sells its products and services into 75 countries and approximately 1,000 clinics through its growing internal salesforce as well as third party distributors. The company is located in Beverly, Massachusetts and is listed on the TSX-Venture Exchange under the symbol "HTL".

HTL's products are marketed under the Hamilton Thorne, Gynemed, Embryotech and Planer brands. The company's products are cleared for sale in the United States, Europe, China, and Canada and are sold to pharmaceutical and biotech companies, fertility clinics, research centers and other customers.

HTL has operations in the following three areas:

Equipment: HTL sells a growing suite of equipment to the ART market including lasers, incubators, freezers, air purification systems and other related materials. These products are manufactured in the United States and United Kingdom and are sold globally through a growing direct salesforce as well as regional third-party distributors.

Consumables: HTL sells a growing suite of consumable products to the ART market including cell culture media, quality control assays, slides and pipettes and other in vitro fertilization ("IVF") lab consumables. These products are manufactured in Germany and are sold globally through a growing direct salesforce as well as regional third-party distributors.

Services: HTL offers a suite of services to the ART market including lab design and installation, maintenance programs, quality testing and related software. Clients in this segment are serviced through a direct global salesforce.

Additional information about the company can also be accessed from HTL's website at www.hamiltonthorne.com.

Transaction Description

The Company's Investment Committee approved an investment in HTL in late February 2020. As at March 31, 2020, the Company had acquired 11,329,000 common shares in HTL through open-market purchases for a total consideration of $13.5 million, representing an 8.9% equity ownership interest in the company. Subsequent to March 31, 2020, the Company acquired an additional 1,217,700 common shares of HTL for consideration of $1.3 million, representing a 9.5% equity ownership in the company at this time. The Company currently owns 12,546,700 common shares of HTL, with a cost of $14.8 million and a fair value of $14.2 million.

Investment Thesis

The global IVF and fertility market growth is being driven by favourable demographic trends and exhibits recession resistant characteristics. We believe that the supply of equipment and consumables to the IVF market has strong competitive advantages because of regulatory protection, the mission critical nature of the product and the high switching costs for customers. We also believe that there are opportunities for HTL to continue to gain market share, materially expand its margins through operating leverage and ongoing mergers and acquisitions of a fragmented market. HTL is an attractive company that generates strong free cash flow conversion, has a high and growing return on invested capital, and has an under-levered balance sheet.

Information Services Corporation

Business Overview

Information Services Corporation ("ISC") is a leading provider of registry and information management services and technology for public data and records. The company is headquartered in Saskatchewan, Canada and employs approximately 350 people across its business. ISC was formed as a Saskatchewan-based crown corporation in January 2000 and was privatized through an initial public offering in May 2013, when the provincial government sold 69% of the company to public shareholders. ISC is listed on the TSX under the symbol "ISV".

ISC operates the following three reportable segments:

Registry Operations: ISC operates the province of Saskatchewan's land, property, and corporate registry under an exclusive 20-year Master Service Agreement (MSA), expiring in June 2033. Revenue is earned through fees charged to governments and private sector organizations for accessing registration, search, maintenance, and other ancillary services.

Services: ISC provides software and service solutions to legal and financial firms that facilitates access to public record data sources. Revenue is earned through transaction fees for search and registration services, as well as per unit charges. These solutions are provided through the company's wholly owned subsidiary, ESC Corporate Services Ltd.

Technology Solutions: ISC provides the development, delivery, and support of registries technology solutions. Revenue is generated through the sale of software licenses, the provision of technology implementation services, and the provision of monthly support and maintenance services. These solutions are provided through the company's wholly owned subsidiary, Enterprise Registry Solutions Limited.

Additional information about the company can also be accessed from ISC's website at www.isc.ca.

Transaction Description

The Company's Investment Committee approved an investment in ISC in late January 2020. As at March 31, 2020, the Company had acquired 443,976 common shares in ISC through open-market purchases for total consideration of $6.8 million, representing a 2.5% equity ownership interest in the company. Subsequent to March 31, 2020, the Company acquired an additional 489,091 common shares of ISC for consideration of $6.9 million, representing a 5.3% equity ownership in the company at this time. The Company currently owns 933,067 common shares of ISV, with a cost of $13.7 million and a fair value of $12.7 million.

Investment Thesis

We believe that ISC is a high-quality company with a business that is characterized by high barriers to entry, high free cash flow conversion, strong returns on capital and a strong balance sheet. The company's Registry Operations is a regulated, essential-service operation, with a demonstrated baseline of business, built-in consumer price index based pricing escalators, and material upside on an eventual economic recovery in Saskatchewan. The Services segment has been growing organically and provides a platform for accretive mergers and or acquisitions. We view ISC as a high-quality infrastructure asset that, on our base case scenario, provides an attractive unlevered internal rate of return.

UPDATE ON INVESTMENT POSITIONS INITIATED SUBSEQUENT TO THE END OF THE QUARTER

Investment in People Corporation

Subsequent to the end of the quarter, the Company acquired 1,260,000 common shares of People Corporation, on private placement basis, representing 1.75% of the company, for consideration of $9.0 million. Following the completion of the private placement, the Company acquired an additional 425,000 common shares of People Corporation through open-market purchases for consideration of $3.9 million, representing an aggregate 2.3% equity ownership in the company at this time. The Company currently owns 1,685,000 common shares of PEO, with a cost of $12.9 million and a fair value of $15.5 million.

People Corporation is a provider of group benefits, group retirement, and human resources consulting services in Canada. The company is headquartered in Winnipeg, Canada and employs more than 1,000 professionals across 33 offices across Canada. People Corporation was established in 2006 and subsequently went public in 2007 on the TSX Venture Exchange under the trading symbol "PEO".

SELECT FINANCIAL INFORMATION

Table 2: Statement of Financial Position Highlights

($ thousands)	**Mar. 31 2020**	Dec. 31 2019	Dec. 31 2018
Cash	**155,311.1**	187,991.7	5,138.7
Investments, at fair value	**26,257.3**	-	-
Other assets	**662.1**	757.6	16.2
Total assets	**182,230.4**	188,749.3	5,155.0
Accounts payable and accrued liabilities	**842.8**	1,974.4	649.9
Due to broker	**3,794.0**	-	-
Total liabilities	**4,636.8**	1,974.4	649.9
Shareholders' equity	**177,593.6**	186,774.9	4,505.1
Total liabilities and shareholders' equity	**182,230.4**	188,749.2	5,155.0
Book value per share	**$ 4.13**	$ 4.34	$ 5.64

Table 3: Statement of Comprehensive Income Highlights

($ thousands)	**Three Months Ended Mar. 31, 2020**	Three Months Ended Mar. 31, 2019	Three Months Ended Mar. 31, 2018
Total revenue	**(8,106.6)**	21.1	(58.5)
Total expenses	**1,077.0**	271.3	32.7
Loss before taxes	**(9,183.6)**	(250.2)	(91.2)
Income tax recovery	**-**	(193.3)	-
Net loss and comprehensive loss	**(9,183.6)**	(56.9)	(91.2)
Loss per share - Basic and diluted	**$ (0.21)**	$ (0.07)	$ (0.18)

RESULTS OF OPERATIONS

Overall Performance

During the quarter ended March 31, 2020, the Company's book value per share decreased 4.8% from $4.34 per share at December 31, 2019 to $4.13 per share as at March 31, 2020. The 4.8% decrease in the book value per share is primarily attributed to the Company incurring an unrealized loss on its public company investments of $9.08 million in the quarter.

The favourable performance of the book value per share of the Company relative to the performance of the overall market was largely attributed to the significant portion of the Company's investable assets held in cash during this period and not exposed to the increased volatility driven by the negative impacts from COVID-19 and the over supplied oil markets. By quarter end, the Company had deployed $35.3 million into its investments, and retained cash resources of $151.5 million available to be invested.

Three Months Ended March 31, 2020

For the three months ended March 31, 2020, the Company had negative revenue of $8.11 million compared to revenue of $21.1 thousand for the three months ended March 31, 2019. The current period's negative revenue consisted of interest income of $918.8 thousand and dividend income of $52.7 thousand offset by an unrealized loss on investments of $9.08 million from a decrease in the fair value of the Company's public company investments, which was driven primarily by the overall negative impact of COVID-19 on the market. The Company's investment in PTS, with an unrealized loss of $6.99 million in the quarter, was the largest contributor to the Company's unrealized loss in the quarter. PTS is a provider of e-commerce and technology solutions to the loyalty industry and, as such, its share price was severely impacted by the air travel and hospitality disruption from COVID-19. In the comparative period last year the Company's revenue consisted entirely of interest income.

For the three months ended March 31, 2020, the Company incurred expenses of $1.08 million as compared to $271.3 thousand in 2019. The increase in total expenses is primarily due to the Company incurring expenses to support its operations as an investment holding company. Expenses in the period include the following: compensation expenses of $519.6 thousand; office, general and administrative expenses of $197.9 thousand; professional fees (comprised of legal and audit fees) of $162.0 thousand; brokerage fees and commissions of $125.8; director fees of $68.3 thousand; and depreciation expense of $3.4 thousand.

For the three months ended March 31, 2020, the Company had a $nil income tax expense as compared to an income tax recovery of $193.3 thousand in the comparative period last year, related to the resolution of a prior period tax matter.

Net loss for the three months ended March 31, 2020 was $9.18 million or ($0.21) per share, compared to a net loss of $56.9 thousand or ($0.07) per share for the three months ended March 31, 2019.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected quarterly results of the Company for the eight quarters prior to the effective date of this report. The information contained herein is drawn from the interim financial statements of the Company for each of the aforementioned eight quarters. The weighted average number of outstanding common shares used in the earnings per share calculations for all periods presented reflect the 5:1 share consolidation of the Company's issued and outstanding Multiple Voting Shares and Subordinate Voting Shares which became effective on November 20, 2019 and the 3.7:1 share consolidation of the Company's issued and outstanding Multiple Voting Shares and Subordinate Voting Shares which became effective on December 17, 2018. The Multiple Voting Shares and the Subordinate Voting Shares are both classes of common shares of the Company.

Table 4: Summary of Quarterly Results

	2020 Mar 31	2019 Dec 31	2019 Sept 30	2019 Jun 30	2019 Mar 31	2018 Dec 31	2018 Sept 30	2018 Jun 30
($ thousands)								
Total revenue	**(8,106.6)**	484.7	17.6	21.0	21.1	8.2	2.8	0.5
Total expenses	**1,077.0**	1,109.5	625.6	755.0	271.3	476.8	138.5	57.1
Loss before taxes	**(9,183.6)**	(624.8)	(608.0)	(734.0)	(250.2)	(468.7)	(135.6)	(56.6)
Income tax (recovery) expense	**-**	-	-	(41.8)	(193.3)	366.9	-	-
Net loss and comprehensive loss	**(9,183.6)**	(624.8)	(608.0)	(692.1)	(56.9)	(835.5)	(135.6)	(56.6)
($)								
Net loss per common share								
Basic	**(0.21)**	(0.03)	(0.76)	(0.87)	(0.07)	(1.53)	(0.27)	(0.11)
Diluted	**(0.21)**	(0.03)	(0.76)	(0.87)	(0.07)	(1.53)	(0.27)	(0.11)

QUARTERLY TREND ANALYSIS

The decrease in the Company's revenue in the quarter ended March 31, 2020 is attributed to the unrealized loss on investments resulting from a decrease in the fair value of the Company's public company investments due primarily to the overall market impact of COVID-19. The Company's only source of revenue in prior quarters was interest revenue. The increase in the Company's revenue in the quarter ended December 31, 2019 was attributed to interest earned on the net proceeds raised from the Offerings.

The Company's quarterly expenses have fluctuated substantially. Commencing in the quarter ended September 30, 2018, the Company began incurring expenses related to its change of business from a mineral resource exploration company to an investment holding company. In the quarter ended June 30, 2019, the Company commenced incurring compensation expenses as it hired two investment management professionals to support its operations as an investment holding company. In the quarter ended December 31, 2019, the Company's expenses include costs related to the Offerings which were not charged to equity. In the quarter ended March 31, 2020, the Company's expenses include expenses to support its operations as an investment holding company, including compensation and overhead expenses not charged in 2019, as well as brokerage fees and commissions which resulted from the Company starting its investing activity in the quarter.

In the quarters ended June 30, 2019 and March 31, 2019, the Company recorded income tax recoveries of $41.8 thousand and $193.3 thousand, respectively, and in the quarter ended December 31, 2018, the Company recorded an income tax expense of $366.9 thousand.

LIQUIDITY AND CAPITAL RESOURCES

The Company had a cash balance of $155.3 million at March 31, 2020, representing 85.2% of total assets, compared with $188.0 million at December 31, 2019. The decrease in the Company's cash balance at March 31, 2020 compared to December 31, 2019 is primarily attributed to the Company starting its investing activities. During the three-month period ended March 31, 2020, the Company invested $35.3 million in three public company investments. The Company's current liabilities increased to $4.64 million at March 31, 2020, representing only 2.5% of total assets, from $1.97 million at December 31, 2019, due primarily to the amount owed to brokers for unsettled trades. The Company is well capitalized with adequate financial resources to continue its long term investment strategy.

The Company's equity was $177.6 million as at March 31, 2020, compared to $186.8 million as at December 31, 2019. The decrease in the Company's equity balance at March 31, 2020 compared to December 31, 2019 is primarily attributed to the Company incurring an unrealized loss on its investments of $9.08 million in the quarter ended March 31, 2020.

The Company's capital is primarily utilized in its ongoing business operations to execute on its Public Company and Private Company Investment strategies. Other than the potential impact of COVID-19, as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in the Company's liquidity or capital resources either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity and capital resources will be substantially determined by the success or failure of its operation as an investment holding company.

TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties have occurred in the normal course of operations, as follows:

- On November 21, 2019, the Company and Federated Capital Corp. ("Federated Capital"), a related party of Fax Investments, entered into an agreement (the "Administrative Services Agreement") whereby the Company is granted access to certain office space and supplies, computers, communication equipment and administrative personnel provided by Federated Capital. As consideration for such services (including the use of office space), the Company has agreed to pay Federated Capital a fee equal to the costs and expenses of Federated Capital in providing such services and office space, plus 5%. For the quarter ended March 31, 2020, Federated Capital charged the Company expenses under the Administrative Services Agreement of $34,349. For the three months ended March 31, 2019, Federated Capital provided management and other administrative support services, including rent, at no cost to the Company.

- Fax Investments has agreed to pay all expenses, excluding agents' commissions, incurred by the Company in connection with the Offerings in excess of 1.5% of the gross proceeds of the Offerings. As a result of this commitment, Fax Investments will reimburse the Company $268.2 thousand of excess expenses. This amount is included in accounts and other receivables in the Statements of Financial Position as at March 31, 2020 and December 31, 2019.

- Fax Investments has agreed to pay at the end of each fiscal year of the Company, certain specified operating expenses of the Company exceeding 2.85% of the Company's average month-end book value for such fiscal year until December 31, 2024. The Company's specified operating expenses were below this threshold in the three month period ended March 31, 2020.

Key Management Personnel

Key management personnel are defined as those individuals having authority and responsibility for planning, directing, and controlling the activities of the Company. The Company considers its executive officers and its directors to be its key management personnel.

Compensation paid to key management personnel for the three-month period ended March 31, 2020 was $147.0 thousand (March 31, 2019 - $75.0 thousand). In 2019, given the Company's early stage of development, the Company's executive officers' compensation was not charged to the Company. These expenditures were allocated as follows in the financial statements:

Table 5: Key Management Personnel

($ thousands)	**Mar. 31 2020**	Mar. 31 2019
Director fees	**$ 68.3**	$ 75.0
Compensation (Refer to Transactions with Related Parties)	**78.6**	-
	$ 147.0	$ 75.0

RISKS AND UNCERTAINTIES

In addition to the information contained in this MD&A, and the risk factors discussed in the Company's most recent Annual Information Form filed with the securities regulatory authorities in Canada, available at www.sedar.com, investors or security holders should carefully consider other risk factors which may have a material adverse effect on the business, financial condition or results of operations of the Company, such as the impact of COVID-19.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which may negatively impact the fair value of the Company's investments. The Company has investments in businesses that have operations in various jurisdictions and countries which have been affected by the pandemic to varying degrees. Given the uncertainty of the situation, the Company is unable to quantify the potential effects of the pandemic on its operations and its investments but believes the impact will ultimately be determined by the duration of quarantines that remain in effect around the world.

CRITICAL ACCOUNTING ESTIMATES

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates, and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Information about significant areas of estimation uncertainty considered by management in preparing the financial statements are as follows:

Amount of Accrued Liabilities

Accrued liabilities are recorded based on an estimate of unbilled work performed by the Company's vendors as well as any other payments which the Company will be required to make in relation to the current year's operations. Management makes these estimates based on historical billings and its knowledge of current operations. These estimates will affect the reported amounts of accrued liabilities and expenses.

Income Taxes

Income taxes relating to uncertain tax positions are recognized based on the expected value of the tax settlement with the related tax authority. Judgment is required to determine the amount of tax provision relating to these uncertain tax positions.

Deferred Tax Assets

Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Founder Warrants

The Company uses the Black-Scholes model to calculate the value of Founder Warrants issued as part of the Offering. The Black-Scholes model requires six key inputs to determine a value for a warrant: risk-free interest rate, exercise price, market price at rate of issuance, expected yield, expected life and expected volatility. Certain of the inputs are estimates, which involve considerable judgment and are or could be affected by significant factors that are out of the Company's control. Proceeds from the Offering, net of issuance costs, were allocated between Subordinate Voting Shares and Founder Warrants issued according to their relative fair value.

Investment entity

Management has applied judgment in determining whether the Company meets the criteria required under IFRS 10, in order to be classified as an investment entity.

FINANCIAL RISK MANAGEMENT

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. The Company's maximum exposure to credit risk was $545.2 thousand as of March 31, 2020 (March 31, 2019 - $13.4 thousand), being the value of its interest receivable, dividend receivable and a receivable from a related party. Management believes these receivables are a low credit risk. As of March 31, 2019, the Company's exposure to credit risk consisted of its interest receivable and income taxes recoverable from the Government of Canada. There have been no changes to the Company's methods for managing credit risk during the period ended March 31, 2020.

Liquidity Risk

Liquidity risk is the risk that the Company will have sufficient cash resources to meet its financial obligations as they come due. Although the Company did not generate cash flows from its principal operations, its liquidity position was significantly enhanced because of the Offerings. The Company relied on its cash balance to pay its liabilities. Management ensures it maintains sufficient cash on hand for continued operations.

There have been no changes to management's methods for managing liquidity risk since December 31, 2019. The Company had cash of $155.3 million as of March 31, 2020 (March 31, 2019 - $4.69 million) and in management's judgment, the Company has sufficient cash resources to continue to fund its investment activities and to pay its liabilities for the next fiscal year.

Market Risk

Market risk is comprised of equity price risk, foreign currency risk and interest rate risk. The Company's exposure to these risks is described below.

Equity Price Risk

Equity price risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in stock market prices. All securities present a risk of loss of capital. Any equity and derivative instrument that the Company may hold is susceptible to market price risk arising from uncertainties about future prices of the instruments. Management moderates this risk through a careful selection of securities and other financial instruments with the parameters of the Company's investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value.

The most significant exposure for the Company to equity price risk arises from its investment in securities of publicly traded companies. As at March 31, 2020, for securities of publicly traded companies, had the prices on respective stock exchanges for those securities increased or decreased by 10%, with all variable held constant, net of assets would have increased or decreased, respectively, by approximately $2.34 million (December 31, 2019 - $nil) or approximately 1.3% (December 31, 2019 - %nil) of total assets. In practice, the actual results may differ.

Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in the rates of exchange on foreign currency would impact the Company's future cash flows. The Company has minimal exposure to foreign exchange fluctuations as it only has an immaterial amount of cash held in a United States ("US") dollar bank account. The Company has no other assets or liabilities denominated in US dollars. There have been no changes in management's foreign currency risk management strategies during the year.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents. The fair value of the Company's cash and cash equivalents affected by changes of interest rates is minimal. There have been no changes to management's strategies to mitigate interest rate risk during the year.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that (a) material information relating to the Company is made known to the Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the annual filings are being prepared, and (b) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that as of March 31, 2020, the Company's disclosure controls and procedures were effective.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

All internal control systems have inherent limitations and may become inadequate because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has evaluated the effectiveness of the Company's internal control over financial reporting based on the Internal Control - Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission. Based on their evaluations as of March 31, 2020, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of March 31, 2020, the Company's internal control over financial reporting were effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

During the first quarter of 2020, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTSTANDING SHARE DATA

The Company's issued and outstanding capital as at March 31, 2020 consisted of 26,971,411 Multiple Voting Shares, 16,059,671 Subordinate Voting Shares and 15,559,500 Founder Warrants. The Company's issued and outstanding capital as at May 14, 2020 consisted of 26,971,411 Multiple Voting Shares, 16,059,671 Subordinate Voting Shares and 15,559,500 Founder Warrants. The Company did not have any stock options outstanding as at March 31, 2020 nor did it have any outstanding as at May 14, 2020. However, on April 14, 2020, the Company issued 223,830 Restricted Share Units ("RSUs") and currently has 223,830 RSUs outstanding. RSUs are share settled in Subordinate Voting Shares.

CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS ACCOUNTING MEASURES

This MD&A makes reference to the Company's book value per share as a measure of the performance of the Company as a whole. Book value per share is measured by dividing shareholders' equity of the Company at the date of the statement of financial position by the number of common shares outstanding at that date. The Company's method of determining this amount may differ from other companies' methods and, accordingly, this amount may not be comparable to measures used by other companies. This amount is not a performance measure as defined under IFRS and should not be considered either in isolation of, or as a substitute for, net earnings prepared in accordance with IFRS.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to possible events, conditions or results of operations of the Company, which are based on the opinions, estimates and/or assumptions about future economic conditions and courses of action and other factors which are inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", "view", and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: the future or expected performance of the Company's investee companies; the Company's continuing investment thesis in respect of such investee companies; the Company's investment approach, objectives and strategy, including investment selection; the structuring of its investments and its plans to manage its investments; and the Company's financial performance.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes that the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct. Some of the risks and other factors which could cause results to differ materially from those expressed in forward-looking information contained in this MD&A include, but are not limited to: the continued impact of COVID-19 and falling or volatile oil prices on targeted investments, the economy and markets generally, reliance on the performance of underlying assets; key employees; potential lack of investment diversification; trading price of the Subordinate Voting Shares and Founder Warrants relative to book value; significant ownership by Fax Investments may adversely affect the market price of the Subordinate Voting Shares; investments in private issuers; illiquid assets; financial market fluctuations and deterioration of political conditions; foreign security risk; competition and technology risks; credit risk; tax risks; regulatory changes; and other risks and factors referenced in this MD&A including under "Risk and Uncertainties". Additional risks and uncertainties are described in the Company's annual information form which is available on SEDAR at www.sedar.com and on the Company's website at www.faxcapitalcorp.com.

Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. Readers are cautioned that the foregoing list of risks factors is not exhaustive. The forward-looking information contained in this MD&A is provided as at the date of this MD&A, based upon the opinions and estimates of management and information available to management as at the date of this MD&A, and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. Readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.