POOLSAFE

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Management Discussion and Analysis

December 31, 2016

The following is Management's Discussion and Analysis (the "**MD&A**") of the consolidated financial position and results from operations of Pool Safe Inc. (the "**Company**" or "**Pool Safe**"), for the six-month year ended December 31, 2016. This MD&A should be read in conjunction with the Company's consolidated financial statements for its six-month year ended December 31, 2016 and the twelve-month years ended June 30, 2016 and 2015, along with accompanying notes to those statements for the years then ended.

The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated. The Company's consolidated financial statements for its six-month year ended December 31, 2016 and the twelve-month years ended June 30, 2016 and 2015 were prepared in accordance with International Financial Reporting Standards ("**IFRS**").

Subsequent to December 31, 2016, the Company became a reporting issuer in Ontario, British Columbia and Alberta as explained in the Overview section. The common shares of the Company are listed for trading on the TSX-Venture Exchange (the "**TSX-V**") under the trading symbol **POOL**. Additional information relating to the Company is on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") at www.sedar.com. This MD&A is dated as of April 24, 2017.

Overview

Pool Safe was a privately-held corporation, which was incorporated on October 27, 2011 pursuant to the *Business Corporations Act* (Ontario). Pool Safe was a privately-held corporation until April 24, 2017, the date upon which Pool Safe completed its listing requirements and became publicly trading on the TSX-V.

Pool Safe manufactures and sells a product known as the "Pool Safe", which functions as a multi-purpose safe, beverage holder, and solar-powered charger for USB compatible devices including phones, cameras and tablets. The Pool Safe product is targeted towards the owners and operators of hotels, resorts and cruise ships, and is designed to provide their ultimate consumers with security, convenience and guest services.

Specifically engineered for its safety benefits, Pool Safe is a feature rich device installed with the purpose of providing guests peace of mind. Service call buttons installed on each Pool Safe enhances the pool experience and alerts services staff to guest needs. The cost is quickly recovered by providing additional revenue including Pool Safe rental fees, increased food and beverage orders and optional media advertising. Pool Safe will continue to add new services to its already feature rich design.

Currently, the company earns revenues through direct sales of the Pool Safe, a revenue-share option where the customer has no up-front costs, tablet and app licensing which provides revenue through connection to the customer Point of Sale ("POS") system allowing guests to order direct for any services offered at the customer location. The application is specific to the unit which allows Pool Safe's customers to respond directly to their own customer needs. Pool Safe will offer a DBS system which is a touch screen application installed in the food and beverage area. The touch screen will alert their staff when a guest has pressed the Pool Safe call button. Each Pool Safe is unique and staff will be notified of which Pool Safe button has been pressed. The Pool Safe also provides for branding and customization. The Pool Safe can be equipped with a brand lift-lid and a media wrap. The Company will be able to generate revenue through brand awareness.

The Company changed its financial year end to December 31 beginning with the financial fiscal year ended December 31, 2016.

Key Performance Indicators

Key performance indicators that we use to manage our business and evaluate our financial results and operating performance include new customers, net investment in equipment, revenues, average yields, operating expenses and net income. We evaluate our performance on these metrics by comparing our actual results and normalized results to management budgets, forecasts and prior period performance.

Recent Events

On July 18, 2016, the Company entered into a letter of intent ("LOI") with Pounder Venture Capital Corp. ("Pounder") relating to a proposed business combination involving Pounder and Pool Safe. The proposed transaction is intended to constitute an arm's-length qualifying transaction for Pounder, as defined in Policy 2.4 of the TSX Venture Exchange. The LOI provided that the qualifying transaction would be undertaken by way of three-corner amalgamation, pursuant to which Pool Safe would amalgamate with a newly formed subsidiary of Pounder (AcquisitionCo), and, as such, approval of the Pool Safe shareholders will be required. The LOI contemplated that the shareholders of Pool Safe would receive 112.257 common shares of Pounder at a deemed issue price of 2.82 cents per Pounder share for each one Pool Safe common share and 112.257 warrants of Pounder for each Pool Safe warrant.

On April 19, 2017, the Company announced the completion of a financing that closed concurrently with the qualifying transaction, raising gross proceeds of approximately $1.25-million through the sale of 247,268 units of the Company at a price of $3.17 per PSI unit and the sale of 147,448 subscription receipts at a price of $3.17 per subscription receipt. Each PSI unit consists of one PSI share and one-half of one warrant to purchase one PSI share at a price of $5 for a period of two years from the date of issuance. In connection with the completion of the qualifying transaction, the subscription receipts converted on a one-for-one basis into a total of 147,448 PSI units. Echelon Wealth Partners Inc. acted as agent for the subscription receipt portion of the concurrent financing. In connection with the brokered concurrent financing, the agent received a cash commission equal to 7 per cent of the gross proceeds raised under the brokered concurrent financing, and non-transferable compensation options to acquire in aggregate that number of PSI units which is equal to 7 per cent of the number of subscription receipts issued under the brokered concurrent financing. Each such PSI agent's option is exercisable to purchase, subject to adjustment in accordance with the terms of the certificate representing the PSI agent's option, one PSI unit at the price of $3.17 for a period of 24 months from April 18, 2017.

Selected Financial Information

The table below summarizes key operating data for the last three fiscal years.

	Six-Month Period Ended December 31, 2016 $	Year Ended June 30, 2016 $	Year Ended June 30, 2015 $
Total revenue	34,944	60,569	242,623
Cost of sales	52,665	32,111	102,425
Operating costs	238,373	396,273	179,803
Net and comprehensive loss	(256,094)	(367,815)	(39,605)
Total assets	532,721	519,007	507,315
Total liabilities	475,611	255,803	201,296
Total equity	57,110	263,204	306,019
Shares outstanding, end of period	1,420,211	1,394,700	1,228,883
Weighted average shares outstanding	1,417,180	1,302,124	1,222,240
Net loss per share	(0.18)	(0.28)	(0.03)

Selected Quarterly Financial Information

The following quarterly results for the eight most recent quarters have been prepared in accordance with IFRS as listed below.

Three Months Ended	Cash	Current Liabilities	Net Gain (Loss)	Gain (Loss) Per Share	Weighted Average Shares Outstanding	Gain (Loss) Per Share	Weighted Average Shares Outstanding
December 31, 2016	$ 10,751	$ 303,754	$ (136.981)	(0.10)	1,417,180	(0.003)	39,681,040
September 30, 2016	28,659	189,250	(119,113)	(0.08)	1,414,111	(0.003)	39,595,108
June 30, 2016	26,324	195,908	(147,642)	(0.11)	1,302,124	(0.004)	36,459,472
March 31, 2016	54,528	95,478	(121,450)	(0.10)	1,263,339	(0.003)	35,373,501
December 31, 2015	12,226	124,673	(29,306)	(0.02)	1,248,075	(0.001)	34,946,100
September 30, 2015	21,547	131,665	(69,417)	(0.06)	1,253,228	(0.002)	35,090,384
June 30, 2015	26,213	85,325	(60,141)	(0.05)	1,222,240	(0.002)	34,222,720
March 31, 2015	24,326	137,118	84,053	0.07	1,215,876	0.002	34,044,521

Adjusted to reflect post-transaction share equivalents

<u>Three month period ended December 31, 2016 compared to the three month period ended December 31, 2015</u>

The net loss for the three month period ended December 31, 2016 was $136,981 (December 31, 2015 - $29,306). Sales and margins in the most recent three month period were negatively affected by a lack of invested capital.

<u>Six month period ended December 31, 2016 compared to the years ended June 30, 2016 and 2015</u>

The net loss for the six month period ended December 31, 2016 was $256,094 (June 30, 2016 - $367,815, June 30, 2015 - $39,605). Sales and margins in the most recent six month year were negatively affected by a shorter year and by a lack of invested capital. The Company anticipates that the recent change to a publicly listed company and capital injection will improve future sales and margins.

All of the operating expenses of the Company relate to selling and administrative expenses, the most significant components of which are selling, general and administrative, professional fees, regulatory fees, and advertising and promotion.

The following table sets forth a summary of the Company's operating expenses by category for the last three fiscal years:

	Six-Month Year Ended December 31, 2016 (Audited) $	Twelve-Month Year Ended June 30, 2016 (Audited) $	Twelve-Month Year Ended June 30, 2015 (Audited) $
Selling, general and administrative	147,591	271,223	134,676
Professional fees	54,296	67,087	22,454
Regulatory fees	7,700	-	-
Foreign exchange	(138)	-	-
Advertising and promotion	25,089	13,068	926
Depreciation	1,088	36,250	9,685
Interest on loan payable	2,747	8,645	12,062
	238,373	396,273	179,803

Operating expenses were $238,373 for the six-month year ended December 31, 2016 (12 months ended June 30, 2016 - $396,273 12 months ended June 30, 2015 - $179,803). These expenditures reflect the additional investments made by the Company in its infrastructure and labor force as it positions itself for future growth. It is expected that these costs as a percentage of average assets will continue to decline in the future as the Company continues to expand its operations and as fixed operating costs become absorbed by a larger average earning asset base.

Liquidity and Capital Resources

Cash and Working Capital

The following table sets forth a summary of the Company's working capital position as of the dates presented:

	As at December 31, 2016 $	As at June 30, 2016 $	As at June 30, 2015 $
Cash	10,751	26,324	26,213
Working capital (deficiency)	(254,401)	(78,147)	12,292

The Company's principal source of liquidity as of December 31, 2016 was cash and short term investments of $10,751 compared to $26,324 as of June 30, 2016 and $26,213 as of June 30, 2015. While Management believes that with the going public transaction completed April 24, 2017 the Company has sufficient funds to meet its obligations and short term working capital requirements, and to accomplish its short term plans, the Company plans to continue to monitor closely its use of its available cash.

The Company may require substantial additional capital to fund additional growth in the business.

Other Assets (net)

	As at December 31, 2016 $	As at June 30, 2016 $	As at June 30, 2015 $
Equipment	187,848	233,943	249,765
Patent and design costs	161,942	167,303	159,933
Revenue share assets	133,579	-	-
	483,369	401,246	409,698

Equipment represents manufacturing equipment and moulds. Revenue share assets are Pool Safe units placed in to service on a revenue sharing basis.

Liabilities

	As at December 31, 2016 $	As at June 30, 2016 $	As at June 30, 2015 $
Trade payables and other	247,678	139,832	29,249
Current portion of long term debt	56,076	56,076	56,076
Long term portion of long term debt	171,857	59,895	115,971
	475,611	255,803	201,296

Trade payables and other liabilities increased as a result of accruals of employment contract agreements and limited funding. Funds of $190,000 were raised in the period ended December 31, 2016, comprising $50,000 from equity and $140,000 from related party debt. Debt repayments of $28,038 were made in the six month period ended December 31, 2016 and repayments of $56,076 were made in each prior period.

Common Shares

	As at December 31, 2016 $	As at June 30, 2016 $	As at June 30, 2015 $
Common shares	980,470	930,470	605,470

Proceeds of $50,000 were raised from the issuance of shares in the six months ended December 31, 2016.

Outstanding Share Data

As at December 31, 2016, the Company had 1,420,211 common shares issued and outstanding. As at the date of this MD&A, the Company had 54,295,763 common shares issued and outstanding. The shares issued subsequent to the year-end related to Qualifying Transaction with Pounder and the concurrent financing.

For the Qualifying Transaction, each Pool Safe common share outstanding at December 31, 2016, being 1,420,211 common shares, were exchanged for 39,765,908 shares in Pounder. In addition, debt of $192,994 was converted into 1,704,892 shares in Pounder. Gross proceeds of approximately $1.25 million were raised through the issue of units and subscription receipts. These units and subscription receipts were exchanged for 11,038,040 shares and 5,519,020 warrants in Pounder. Broker warrants were also issued to Echelon Wealth Partners Inc. pursuant to the financing, which are exercisable into 427,476 units, with each unit comprising one common share in Pounder and a one half of one common share purchase warrant in Pounder. Immediately prior to the Qualifying Transaction, Pounder's issued and outstanding share capital consisted of 1,786,923 common shares.

Shares existing at the date of this MD&A and comparative shares at June 30, 2016 and 2015, adjusted for the share exchange, are as follows:

	December 31, 2016	June 30, 2016	June 30, 2015
Shares Outstanding	54,295,763	39,051,600	34,408,724
Warrants	5,946,496	-	-
Options	129,942	-	-
Total	60,372,201	39,051,600	34,408,724

Related Party Transactions

The following is a summary of the Company's related party transactions during the year:

On September 9, 2016, the Company received an unsecured loan in the amount of $50,000 from 2151089 Ontario Inc. The principal amount bears interest at a rate of 10% per annum. On October 24, 2016, the Company received a second unsecured loan in the amount of $50,000, from 2151089 Ontario Inc. The principal amount bears interest at a rate of 10% per annum. 2151089 Ontario Inc. is wholly owned by Carolyn Berger, who is the spouse of David Berger, a Director and the President of the Company.

On November 9, 2016, the Company received an unsecured loan in the amount of $40,000 from Steven Mintz. The principal amount bears interest at a rate of 3% per annum. Steven Mintz is a Director and the Chief Financial Officer of the Company.

All loans from 2151089 Ontario Inc. were repaid subsequent to December 31, 2016 from the proceeds of the subsequent financing.

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors. Compensation provided to key management is as follows:

	Dec. 31, 2016	June 30, 2016	June 30, 2015
Short-term employee benefits, including salaries and fees	$ 17,780	$ 85,490	$ 42,250
Sub-contractors	12,300	20,000	-
	$ 30,080	$ 105,490	$ 42,250

Critical Accounting Policies and Estimates

The Company’s significant accounting policies are disclosed in Note 2 to the financial statements for the year ended December 31, 2016. Certain of these policies require the use of estimates or assumptions that in some cases may relate to matters that are inherently uncertain. The Company did not adopt any new significant accounting policies or estimates during this quarter.

Financial Instruments and Other Instruments

The Company's financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximates their carrying values.

Dependence on Key Employees

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees.

Capital Management

The Company considers its capital to consist of shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the manufacture, distribution, and sale of the "Pool Safe". 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no significant changes in the Company's approach to capital management in the year ended December 31, 2016. The Company is not currently subject to externally imposed capital requirements.

Off-Balance Sheet Arrangements

To the best of management's knowledge, there are no 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.

Risk Management

The Company has risk management processes in place to monitor, evaluate and manage the principal risks it assumes in conducting its business activities. These risks include credit, liquidity, interest rate, and various sources of operational risk. The Company's approach to the management of risk has not changed.

Outlook and Economic Conditions

The Company's principal objective is a continuation of managed growth developing quality new business opportunities while maintaining high development standards. The Company is well positioned to capitalize on market opportunities and to meet increased competition through its experienced management and staff, coupled with its substantial capital and borrowing capacity. We continue to look for opportunities to introduce new product development.

Internal Control over Disclosure and Financial Reporting

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is accumulated and communicated to the Company's Chief Executive Officer and Chief Financial Officer to allow for timely decisions regarding required disclosure and to ensure that information required to be disclosed in the Company's annual and interim filings and other reports filed or submitted under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified therein.

As of December 31, 2016, management evaluated the effectiveness of our disclosure controls and procedures as defined under the Canadian Securities Administrators' National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*. This evaluation was performed under the supervision of, and with the participation of the Company's Chief Executive Officer and Chief Financial Officer. Based in the evaluation conducted as at December 31, 2016, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of December 31, 2016.

Changes in Internal Control over Financial Reporting

To the best of management's knowledge and belief, no changes were made in the Company's internal control over financial reporting in the year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Cautionary Note Regarding Forward-Looking Statements

This MD&A contains certain "forward-looking information" 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", "budgeted", "scheduled", "estimates", "continues", "forecasts", "projects", "predicts", "intends", "anticipates" or "believes", or variations of, or the negatives of, such words and phrases, or statements that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statements.
Forward-looking statements are based upon certain assumptions and other important factors regarding present and future business strategies and the environment in which the Company will operate in the future, which could prove to be significantly incorrect. Forward-looking statements are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company and/or its subsidiary to be materially different from those expressed or implied by such forward-looking statements.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary note. 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.

This MD&A contains forward-looking statements with respect to Pool Safe under the headings “Business Update”, “Liquidity”, and “Outlook”. These forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by such statements, in particular, present financial market uncertainty. The Company has assumed that financing alternatives remain available, albeit with terms that are not as attractive as was the case prior to the current worldwide financial market uncertainty. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time that they were prepared, but cautions the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. Except as required by law, the Company does not intend, and assumes no obligation, to update the forward-looking statements contained herein.