# SHELBY VENTURES INC.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended March 31, 2015

Dated May 27, 2016

# SHELBY VENTURES INC.

Form 51-102F1

***Management's Discussion & Analysis***

MD&A: Six Months ended March 31, 2016

This MD&A for the period ended March 31, 2016 is prepared by management on May 27, 2016 for Shelby Ventures Inc. (the "Company") in accordance with International Financial Reporting Standards ("IFRS"). The MD&A should be read in conjunction with the Company's interim condensed interim financial statements and related notes for the period ended March 31, 2016, which were prepared in accordance with IFRS.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

## 1. Overall performance and events

### a) Description of Business

Shelby Ventures Inc. ("Shelby" or the "Company") was incorporated under the British Columbia Business Corporations Act on February 27, 2007. During the fiscal year ended September 30, 2008, the Company's activity was primarily related to the completion of its initial public offering, including listing the Company for trading as a Capital Pool Company on the TSX Venture Exchange ("TSXV"). Effectively December 3, 2007, the Company completed its initial public offering, having received approval from the British Columbia Securities Commission and the TSXV, and issued 1,250,000 common shares at $0.20 per share for gross proceeds to the Company of $250,000. On December 6, 2007, the common shares of the company were listed for trading on the TSXV with trading symbol SLY.P.

As a Capital Pool Company the Company's principal business was to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation with a view to completing a Qualifying Transaction in accordance with Policy 2.4 of the TSXV. The Company does not have business operations or assets other than cash, and has no agreements in principle for the acquisition of an asset or business at this time. After failing to complete a Qualifying Transaction during fiscal 2009, the Company received approval from the TSXV for an extension to the maximum required time limit, and was then required to complete a Qualifying Transaction on or before March 31, 2010. However, this deadline could not be met, and the TSXV halted and then suspended the trading of the Company's shares for failure to complete the Qualifying Transaction by such date. The Company held an extraordinary shareholders meeting on May 31, 2010, and received shareholder approval to list the Company on the NEX Board of the TSXV and look for new opportunities within the context of NEX. In connection with the listing of the Company's shares to NEX on July 5, 2010, the trading symbol of the Company was changed from "SLY.P" to "SLY.H". The Company completed its reinstatement process and resumed trading on October 6, 2010.

### b) Current Board and Officers

The Board and Management team of the Company:

| | |
|---|---|
| Antonio (Tony) M. Ricci | Chief Executive Officer, Secretary & Director |
| Joel Dumaresq | Director |
| Desmond M. Balakrishnan | Director |
| Nitin Kaushal | Director |
| Zula Kropivnitski | Chief Financial Officer |

## 2. Selected annual information

For the years ended September 30, 2015, 2014 and 2013 ($):

| | For the year ended September 30, 2015 | For the year ended September 30, 2014 | For the year ended September 30, 2013 |
|---|---|---|---|
| Revenue | $ - | $ - | $ - |
| Total net loss and comprehensive loss for the year | $ (62,139) | $ (20,642) | $ (30,908) |
| Basic and diluted loss per share | $ (0.00) | $ (0.00) | $ (0.00) |
| Total assets | $ 554,011 | $ 577,312 | $ 574,202 |
| Total liabilities | $ 139,867 | $ 101,029 | $ 175,298 |
| Cash dividends declared | $ - | $ - | $ - |

## 3. Summary of quarterly results

Summary of quarterly results for recent eight quarters (under IFRS unless otherwise noted) ($):

| | Mar 31 2015 $ | Dec 31, 2015 $ | Sep 30, 2015 $ | Jun 30, 2015 $ |
|---|---|---|---|---|
| Income (loss) before other items | (974) | (8,467) | (29,605) | (11,787) |
| Income (loss) before other items per share, basic and diluted | (0.000) | (0.001) | (0.002) | (0.001) |
| Other gain (loss) | 859 | 711 | 1,245 | 839 |
| Net loss | (115) | (7,756) | (28,360) | (10,948) |
| Net loss per share, basic and diluted | (0.000) | (0.001) | (0.002) | (0.001) |

| | Mar 31 2015 $ | Dec 31, 2014 $ | Sep 30, 2014 $ | Jun 30, 2014 $ |
|---|---|---|---|---|
| Income (loss) before other items | (10,515) | (15,111) | (18,449) | (12,086) |
| Income (loss) before other items per share, basic and diluted | (0.001) | (0.001) | (0.001) | (0.001) |
| Other gain (loss) | 1,300 | 1,495 | 1,284 | 1,083 |
| Net gain (loss) | (9,215) | (13,616) | (17,165) | (11,003) |
| Net gain (loss) per share, basic and diluted | (0.001) | (0.001) | (0.001) | (0.001) |

## 4. Results of Operations

**For six months ended March 31, 2016**

During the six months ended March 31, 2016 the Company had net loss of $7,871 compared to a net loss of $22,831 for the six months ended March 31, 2015.

Professional fees decreased by $14,220 from $10,574 incurred during the six months ended March 31, 2015 compared to the six months ended March 31, 2016 due to a discount given. Office expenditures decreased by $1,940 to $2,524.

**For three months ended March 31, 2016**

During the three months ended March 31, 2016 the Company had net loss of $115 compared to a net loss of $9,215 for the three months ended March 31, 2015.

Professional fees decreased by $8,670 from $2,524 incurred during the three months ended March 31, 2015 compared to the three months ended March 31, 2016. The reduction was due to discount taken.

## 5. Liquidity and working capital

At March 31, 2016, the Company had cash and GST recoverable of $499,719 (September 30, 2015 - $549,243) and a working capital of $406,273 (September 30, 2015 - $414,144).

### Off Balance Sheet Arrangements

There are no off-balance sheet arrangements to which the Company is committed.

### Dividend Report and Policy

The Company has not paid any dividends since its incorporation and it has no plans to pay dividends. The directors of the Company will determine if and when dividends should be declared and paid in the future based on the Company's financial position at the relevant time. All of the common shares in the capital of the Company are entitled to an equal share in any dividends declared and paid.

### Capital Resources

The only capital resource of the Company is its cash.

## 6. Critical Accounting Estimates

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

For the period ended March 31, 2016 and year ended September 30, 2015 the Company did not need to apply any critical judgments in applying accounting policies that would have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year.

## 7. Future Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning after October 1, 2015 or later periods. None of these is expected to have a significant effect on the condensed interim financial statements.

The following standards and interpretations have been issued but are not yet effective:

- IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. This standard is effective for annual periods starting on or after January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

- IAS 28 Investments in associates and joint ventures: clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice. This standard is effective for annual periods starting on or after January 1, 2016. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

- IFRS 12 Disclosure of Interests in Other Entities: clarification of the scope of the disclosure requirements in IFRS 12. This standard is effective for annual periods starting on or after January 1, 2016. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

- IAS 1 Presentation of Financial Statements. The amendments to IAS 1 are a part of a major initiative to improve disclosure requirements in IFRS financial statements. The amendments clarify the application of materiality to note disclosure and the presentation of line items in the primary statements provide options on the ordering of financial statements and additional guidance on the presentation of other comprehensive income related to equity accounted investments. The effective date for these amendments is January 1, 2016. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

## 8. Financial Instruments and other Instruments

The carrying values of the Company's financial instruments, consisting of cash, amounts receivable, payable and accrued liabilities, and due to directors, approximate their fair value due to the short-term maturity of such instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

***Risks Factors***

The Company has no active business or material assets other than cash. It does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction or an equivalent transaction pursuant to NEX policies. Until such time, the Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing such a transaction. The Company has only limited funds with which to identify and evaluate possible transactions and there can be no assurance that the Company will be able to identify or complete a suitable transaction.

**9. Related Party Transactions**

As at March 31, 2016 amounts payable include $nil (September 30, 2015 - $38,680) owed a company where a director and officer of the Company is a partner. During the six months ended March 31, 2016 the Company received a discount of $5,971 from this company.

During the six months ended March 31, 2016, the Company incurred $1,548 (2015 - $1,715) in rent from a company having a director in common. As at March 31, 2016, $5,039 (September 30, 2015 - $3,414) was payable to this company for rent.

During the six months ended March 31, 2016, the Company incurred $791 (2015 - $1,143) for provision of chief financial officer services form a management company.

As at March 31, 2016, $23,966 (September 30, 2015 - $23,966) was payable to a director and a former director.

These expenditures are measured by the exchange amount which are the amounts agreed upon by the transacting parties. These amounts due to directors are unsecured, do not bear interest and have no fixed repayment terms.

**10. Management's responsibility financial information**

The Company's management is responsible for presentation and preparation of the condensed interim financial statements and the Management's Discussion and Analysis ("MD&A"). The condensed interim financial statements have been prepared in accordance with International Financial reporting Standards ("IFRS").

The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

The condensed interim financial statements and information in the MD&A necessarily include amounts based on informed judgments and estimates of the expected effects of current events and transactions with appropriate consideration to materiality. In addition, in preparing the financial information we must interpret the requirements described above, make determinations as to the relevancy of information to be included, and make estimates and assumptions that affect reported information. The MD&A also includes information regarding the impact of current transactions and events, sources of liquidity and capital resources, operating trends, risks and uncertainties. Actual results in the future may differ materially from our present assessment of this information because future events and circumstances may not occur as expected.

## 11. Other MD&A requirements

***Outstanding Share Data***

As at the date of this MD&A, the Company has 14,706,101common shares issued and outstanding. Of these, 1,200,002 are held in escrow, pursuant to Policy 2.4 of the TSXV. After the completion of the Company's Qualifying Transaction pursuant to the policies of the TSXV, the escrowed shares would have been released pro rata to the escrow shareholder.
The shares held in escrow are not considered to be outstanding shares for purposes of the loss per share calculations.

The Company does not have stock options outstanding as at May 27, 2016.

***Forward-looking statements***

Certain statements in this MD&A constitute forward-looking statements. The words "anticipate", "continue", "estimate", "expect", "may", "will", "should", "believe" and similar expressions are intended to identify forward-looking statements. The Company believes the expectations reflected in these forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Although the Company has attempted to take into account important factors that could cause actual costs or operating results to differ materially, there may be other factors that cause costs of the Company's program or results not to be as anticipated, estimated or intended.

## 12. Disclosure Controls and Procedures

Management has assessed the effectiveness of the Company's disclosure controls and procedures used for the financial statements and MD&A as at March 31, 2016. Management has concluded that the disclosure controls are effective in ensuring that all material information required to be filed has been made known to them in a timely manner. The required information was effectively recorded, processed, summarized and reported within the time period necessary to prepare the annual filings. The disclosure controls and procedures are effective in ensuring that information required to be disclosed pursuant to applicable securities laws are accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including its CEO and CFO, believe that any disclosure controls and procedures and internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override to the future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

There have been no changes in the Company's internal controls over financial reporting during the six months ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

### ***Other Information***

Additional information relating to the Company is available for viewing on SEDAR at www.sedar.com.

On behalf of the Board
Tony M. Ricci
President, CEO and Director