

CAPRICORN BUSINESS ACQUISITIONS INC.
(A Capital Pool Company)

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE NINE MONTHS ENDED JANUARY 31, 2017
March 30, 2017**

The following discussion and analysis of the operating results and financial position is supplementary to, and should be read in conjunction with, the unaudited condensed interim financial statements for the nine months ended January 31, 2017 and 2016 of Capricorn Business Acquisitions Inc. ("Capricorn" or the "Company"). The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"). All monetary amounts are expressed in Canadian dollars.

Company Profile

Capricorn Business Acquisitions Inc.

Capricorn Business Acquisitions Inc. ("Capricorn" or the "Company") was incorporated under the Business Corporations Act (Ontario) on May 7, 2008 and is classified as a Capital Pool Company as defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4. The Company has nominal assets other than cash and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a qualifying transaction, as defined in Exchange Policy 2.4.

The Company currently has two employees, Yvan Routhier, Chief Executive Officer and Gary N. Hokkanen, Chief Financial Officer. Other than the initial grant of stock options upon closing of the Company's IPO (to all the current directors and officers) and a subsequent grant of stock options in February 2015 upon expiry of the original stock options (also to all the current directors and officers) no director or officer is compensated by the Company.

Recent Developments

Events during the three month quarter ended January 31, 2017

On December 16, 2016, the Company borrowed an aggregate of \$45,000 (the "**Loan**") from three lenders who were arm's length to the Company at the time of the advancement of the Loan. The principal amount of the Loan bears interest at 12% per annum. The Loan has a term expiring on the earlier of (i) six (6) months from the date of advance and (ii) the date of completion of an equity financing by the Company of a minimum of \$300,000. The proceeds of the Loan have been used, among other things, to cover the expenses associated with the calling and holding of an annual and special meeting of shareholders on February 14, 2017 (the "**Meeting**"), complying with the Company's

reporting and disclosure obligations, and for working capital purposes. The Company is expecting to repay this Loan and accrued and unpaid interest in the current quarter from the proceeds of the Private Placement (as defined below).

Effective December 20, 2016, Julio DiGirolamo, Gary Hokkanen, Norman L. Goldman and Statis Rizas resigned as directors of the Company. Following such resignations, Yisroel Weinreb, David Posner, and Alex Storcheus were appointed as directors (collectively, the "**New Directors**"). As a result of such resignations and appointments, the directors and officers of the Company are as follows: Yvan Routhier (director, President and CEO); Gary Hokkanen (CFO and Secretary); Gerald Goldberg (director); Yisroel Weinreb (director); David Posner (director); and Alex Storcheus (director). The five aforementioned directors were re-elected at the Meeting.

On January 23, 2017, the Company had its common shares reinstated for trading on the NEX Board of the Exchange. The Company's common shares had previously been suspended from trading on the NEX board since March 12, 2012, in accordance with the Exchange's CPC policy, due to failure to complete its "Qualifying Transaction" within the prescribed period.

Events subsequent to January 31, 2017

On March 21, 2017, the Company completed a consolidation of the common shares of the Company on a three (3) old shares for one (1) new share basis (the "**Consolidation**"). The Consolidation, among other matters, was approved at the Meeting. On March 21, 2017, the Company also completed a non-brokered private placement offering of 4,285,708 post-Consolidation common shares at a subscription price of \$0.07 per post-Consolidation common share for gross proceeds of \$300,000 (the "**Private Placement**"). The net proceeds from the Private Placement are intended to be used to repay the Loan and accrued interest, to cover ongoing expenses associated with the Company's continuous disclosure obligations and to cover the expenses associated with achieving its corporate objectives and increase shareholder value, which as a CPC, means identifying and completing a "Qualifying Transaction". Immediately following completion of the Consolidation and the Private Placement, the Company had 6,750,506 post-Consolidation common shares issued and outstanding. The New Directors subscribed for an aggregate of 214,284 post-Consolidation common shares in connection with the Private Placement. Such subscriptions are considered related party transactions within the meaning of Multilateral Instrument 61-101 ("**MI 61-101**"). The Company is relying on an exemption from the valuation and minority shareholder approval requirements of MI 61-101 contained in Sections 5.5(b) and 5.7(b) of MI 61-101 in respect of any insider participation in the Private Placement.

In connection with the Consolidation, effective March 23, 2017, the Company also amended the exercise price of an aggregate of 462,148 pre-Consolidation (154,050 post-Consolidation) stock options, each dated February 27, 2015, held by certain directors and officers of the Company from the pre-Consolidation price of \$0.05 to a price per post-Consolidation share of \$0.10.

Selected Annual Information

Summarized selected financial information with respect to Capricorn for the nine months ended January 31, 2017, and years ended April 30, 2016 and 2015 is as follows:

	Nine months ended January 31, 2017	Year ended April 30, 2016	Year ended April 30, 2015
Total expenses	\$ 56,937	\$ 18,120	\$ 45,851
Net finance (income)	(150)	(16)	(638)
Loss and comprehensive loss	(56,787)	(18,104)	(45,213)
Loss per share	(0.010)	(0.003)	(0.008)
Total assets	40,643	24,329	31,781
Total liabilities	127,347	54,274	43,595
Shareholders' equity (deficiency)	(86,704)	(29,918)	(11,814)
Cash dividends declared	-	-	-

Results of Operations

Three-month period ended January 31, 2017 compared to 2016

Capricorn recorded a loss of \$43,970 during the three-month period ended January 31, 2017 compared to a loss of \$9,592 during the comparative period in the prior year. The loss in the current and comparative periods is the result of professional fees and filing fees.

Loss per share during the three-month period ended January 31, 2017 was \$0.008 compared to loss per share of \$0.003 during the comparative period in the prior year.

Nine-month period ended January 31, 2017 compared to 2016

Capricorn recorded a loss of \$56,787 during the nine-month period ended January 31, 2017 compared to a loss of \$16,108 during the comparative period in the prior year. The increase is due to \$40,813 increase in professional fees, offset by an increase in interest income of \$134.

Loss per share during the nine-month period ended January 31, 2017 was \$0.010 compared to loss per share of \$0.003 during the comparative period in the prior year.

Summary of Quarterly Results

The following table presents selected financial data of Capricorn for its last eight quarters as reported in the particular period:

Period:	Net finance income	Profit (loss):	Earnings (Loss) Per Share:
2017 Q3	-	(43,970)	(0.008)
2017 Q2	35	(8,527)	(0.001)
2017 Q1	116	(4,289)	(0.001)
2016 Q4	16	(18,104)	(0.003)
2016 Q3	7	(9,592)	(0.002)
2016 Q2	-	(4,033)	(0.0007)
2016 Q1	9	(2,483)	(0.0004)

Liquidity

At January 31, 2017, Capricorn had \$39,701 in cash and cash equivalents compared to \$23,387 as at year ended April 30, 2016. The increase in cash is mainly associated with the loan received from Company's directors.

Total liabilities were \$127,347 at January 31, 2017, increased from \$54,247 at April 30, 2016. The increase is primarily attributable to professional fees, net of filing fee accruals made during the period.

Shareholders' equity decreased from \$(29,918) on April 30, 2016 to \$(86,704) on January 31, 2017 as a result of the \$(56,786) loss recorded during the nine months period ended January 31, 2017.

Although capital resources have been depleted, Capricorn is hopeful that with the recently completed Private Placement (See above under "Recent Developments") it has sufficient remaining capital resources to consummate a qualifying transaction.

Capital Resources

Capricorn financed operations during the nine months ended January 31, 2017 through the remaining net cash proceeds of the initial public offering, together with the proceeds of the Loan (see above under “Recent Developments”).

Off-Balance-Sheet Arrangements

As of January 31, 2017, Capricorn had no off-balance-sheet arrangements.

Related-Party Transactions

None for the nine month period ended January 31, 2017.

Share Capital

As at January 31, 2017, Capricorn had authorized unlimited common shares without par value and had 7,394,400 common shares and 739,438 stock options outstanding. During the nine-month period ended January 31, 2017, no stock options expired, and the company did not issue stock options to the directors and officers of the Company. Subsequent to January 31, 2017, the Company completed the Consolidation (see “Recent Developments” above).

Financial Instruments and Other Instruments

Capricorn' financial instruments consist of cash and cash equivalents, other receivables and accounts payable and accrued liabilities. It is management's opinion that Capricorn is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair values of these financial instruments.

Critical Accounting Estimates

The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the IFRS Interpretations Committee. The critical accounting policies followed by the Company are as follows:

Accounting estimates and judgments

The preparation of these financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in these financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of these financial statements include, among others the fair value of options issued and the fair value of financial assets and liabilities. Significant judgments include management assessment of going concern and uncertainties of the Company's ability to raise additional capital and/or obtain financing to complete a qualifying transaction. Actual results may differ from those estimates.

Financial Instruments

Financial Assets

Financial assets are classified into one of four categories:

- 1) Fair value through profit or loss ("FVTPL");
- 2) Held-to-Maturity ("HTM");
- 3) Loans and receivables; and
- 4) Available-for-sale ("AFS")

Financial assets at fair value through profit or loss ("FVTPL")

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVPTL assets are measured at fair value, and changes are recognized in profit or loss. Cash is classified as FVTPL.

Held-to-Maturity ("HTM")

Financial assets that have a fixed maturity date and which the Company has positive intention and the ability to hold to maturity are classified as held-to-maturity and are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Transaction costs incurred to acquire held-to-maturity financial instruments are included in the underlying balance. No financial assets were classified as held-to-maturity.

Available-for-sale ("AFS")

Available-for-sale assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets classified as available-for-sale are carried at fair value with the changes in fair value recorded in other

comprehensive income, except for investments in equity instruments that do not have a quoted market price in an active market which should be measured at cost. Interest on available-for-sale assets is calculated using the effective interest rate method and is recognized in the net income. Transaction costs incurred to acquire available-for-sale financial instruments are included in the underlying balance. When a decline in fair value is determined to be other-than-temporary, the cumulative loss included in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on disposal of available-for-sale securities are recognized in net income. No financial assets were classified as available-for-sale.

Financial Liabilities

Financial liabilities are classified into one of two categories:

- 1) Fair value through profit or loss; and
- 2) Other financial liabilities

Financial liabilities at fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statement of operations and comprehensive loss. The Company has no financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities are recognized at amortized cost. The Company classified its financial liabilities which consisted of accounts payable and accrued liabilities as other financial liabilities.

Stock based compensation

The Company uses the fair value method of accounting for options granted under its share purchase option plan. Options granted to directors, officers and employees are measured at fair value, which is charged to operations over the applicable vesting period, with an offsetting credit to share option reserves. Options granted to non-employees are measured at fair value of goods and services received, which is charged to operations at the date the options are fully vested, with an offsetting credit to share option reserves. The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. Consideration received upon exercise of share purchase options, along with the related amount previously recorded in the share option reserve, is credited to share capital. Cash received on the exercise of share options is recorded in share capital and the related compensation included in share option reserves is transferred to share capital to recognize the total consideration for the shares issued.

Loss per Share

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year. Contingently issuable shares are not considered outstanding common shares and consequently not included in loss per share calculation. The Company computes the dilutive effect of options and similar instruments using the proceeds that could be obtained upon exercise of options and similar instruments. It assumes that proceeds would be used to purchase common shares at the average market price during the year. Diluted earnings (loss) per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings (loss) per share.

Financial Instruments and Financial Risk Management

The Company is exposed to different types of risks in the normal course of operations, including credit risk and liquidity risk as follows:

a) Fair Value

The carrying values of cash and cash equivalents, other receivables and accounts payable and accrued liabilities approximate fair values due to the relatively short term maturities of these instruments.

b) Credit Risk

The Company's exposure to credit risk arises from the possibility that its debtors may fail to meet their obligations. The Company continually evaluates the collectability of amounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected.

The Company manages the credit exposure related to cash and cash equivalents of \$39,701 as at January 31, 2017 by making sure that the trust funds held by a legal firm is maintained in bank accounts with Schedule 1 banks in Canada.

The carrying amount of cash and cash equivalents and other receivables represents the maximum credit exposure.

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations.

RISKS AND UNCERTAINTIES

The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to generate earnings or pay dividends in the immediate or foreseeable future. The Company does not own any ongoing business operations, and has no assets other than cash. The Company has not identified a proposed Qualifying Transaction and has

not entered into an Agreement in Principle (within the meaning of the Exchange's CPC policy). There is no assurance that the Company will identify and successfully negotiate the acquisition of any potential corporations, properties, assets or businesses, or any interests therein, nor that any such opportunities or businesses acquired will be profitable. Moreover, additional funds may be required to successfully complete an acquisition, and the Company may not be able to obtain such financing or may not be able to raise sufficient funds to take a meaningful position in a potential target. If the acquisition is financed by the issuance of shares from the Company's treasury, control of the Company may change and shareholders may suffer additional dilution. The directors and the officers of the Company will only be devoting a portion of their time to the affairs of the Company. Potential conflicts of interest may result from the ordinary course of business of the Company and of the directors and the officers of the Company.

The common shares of the Company have been delisted from the Exchange for failure to complete a Qualifying Transaction within 24 months of the date of listing and currently traded on the NEX Board of the Exchange. There is no guarantee that the common shares will be reinstated on the Exchange, which in any event will be subject to, among other things, completion of a Qualifying Transaction.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may constitute "forward looking statements" which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. When used in this MD&A, such forward-looking statements may use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. These forward-looking statements include, but are not limited to, expectations regarding the use of proceeds of the Private Placement, the repayment of the Loan, and the Company's ability to meet its working capital needs at the current level. These statements reflect management's current expectations regarding future events and speak only as of the date of this MD&A. The forward looking statements involve a number of assumptions, risks and uncertainties. These assumptions, risks and uncertainties include, but are not limited to, the Company's stage of development, capital requirements and future ability to fund operations, regulatory requirements, general economic, market or business conditions and the risks noted above under "Risks and Uncertainties" in this MD&A. The foregoing list of factors is not exhaustive. The Company undertakes no obligation to update publicly or revise any forward looking statements, whether a result of new information, future results or otherwise, except as required by law.