

# **SABER CAPITAL CORP.**

Management Discussion & Analysis

For the three and nine months ended October 31, 2015

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**SABER CAPITAL CORP.**  
(A Capital Pool Company)  
MANAGEMENT DISCUSSION AND ANALYSIS

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**OVERVIEW**

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The purpose of this Management Discussion and Analysis (“MD&A”) is to explain management’s point of view of Saber Capital Corp.’s (the “Company”) past performance and future outlook. This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s condensed interim financial statements for the three and nine months ended October 31, 2015 (the “Interim Financial Statements”) and audited financial statements and notes thereto for the year ended January 31, 2015 (the “Annual Financial Statements”). Additional information on the Company is available on SEDAR. All information contained in this MD&A is current as of December 28, 2015 unless otherwise stated.

All financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

**FORWARD LOOKING STATEMENTS**

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Certain sections of this MD&A may contain forward-looking statements.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words. Forward-looking statements may relate to the Company’s future financial conditions, results of operations, plans, objectives, performance or business developments. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Forward-looking statements are provided for the purpose of providing information about management’s expectations and plans relating to the future. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

The forward looking statements contained herein are based on information available as of December 28, 2015.

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**OVERALL PERFORMANCE**

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The Company is classified as a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (the “Exchange”) Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition of or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

During the 2015 fiscal year, the Company completed a non-brokered private placement (in two separate tranches) by issuing a total of 5,900,000 common shares at a price of \$0.05 per share for gross proceeds of \$295,000. The Company issued 283,850 shares valued at \$14,193 to an arm’s length finder, being 7% of the number of shares sold to subscribers introduced by such finder. In addition, the Company also paid \$6,812 in share issue costs.

In January 2015, the Company granted 200,000 incentive stock options at an exercise price of \$0.10 per share and exercisable up to and including January 5, 2020. The options were valued at \$20,565 using the Black-Scholes option pricing model.

**SELECTED FINANCIAL DATA**

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As at October 31, 2015, the Company was listed on the NEX. The Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. The following financial data, which has been prepared in accordance with IFRS, is derived from the Company’s condensed interim financial statements for the three and nine months ended October 31, 2015 and 2014:

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenues	-	-	-	-
General and administrative expenses	4,283	5,696	28,752	57,953
Interest income	1,109	1,911	4,077	5,533
Loss and comprehensive loss	(3,174)	(3,785)	(24,675)	(52,420)
Basic and diluted loss per common share	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	848,257	881,361	848,257	881,361
Working capital	828,007	872,733	828,007	872,733
Dividends per share	-	-	-	-

At October 31, 2015, the Company had not yet achieved profitable operations and has accumulated losses of \$483,377 (October 31, 2014 - \$434,916). These losses resulted in a loss and comprehensive loss per common share for the nine months ended October 31, 2015 of \$0.00 (October 31, 2014 - \$0.00).

At October 31, 2015, the Company has no continuing source of operating revenues and related expenditures. The Company has not paid any dividends on its common shares nor does it have any present intention of paying dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities.

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**RESULTS OF OPERATIONS**

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The Company has yet to generate any revenue since its inception from its planned operations and has, to date, incurred annual net losses from operating and administrative expenses.

The general and administrative expenses for the nine months ended October 31, 2015 totalled \$28,752 (October 31, 2014 - \$57,953). The table below details the major changes in administrative expenditures for the nine months ended October 31, 2015 as compared to the corresponding nine months ended October 31, 2014.

<b>Expenses</b>	<b>Increase / Decrease in Expenses</b>	<b>Explanation for Change</b>
Filing fees	Decrease of \$5,177	Decreased due to reduced corporate activity.
Professional fees	Decrease of \$11,007	Decrease due to lower legal fees incurred and reduced corporate activity.
Rent	Decrease of \$12,600	Decreased as there was no rent incurred in the current period.

The general and administrative expenses for the three months ended October 31, 2015 totalled \$4,283 (October 31, 2014 - \$5,696). The table below details the major changes in administrative expenditures for the three months ended October 31, 2015 as compared to the corresponding three months ended October 31, 2014.

<b>Expenses</b>	<b>Increase / Decrease in Expenses</b>	<b>Explanation for Change</b>
Filing fees	Decrease of \$5,320	Decreased due to reduced corporate activity.
Professional fees	Increase of \$4,041	Increased as there was a recovery in legal fees in the comparative period.

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**SUMMARY OF QUARTERLY RESULTS FOR THE LAST CONSECUTIVE EIGHT QUARTERS**

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Historical quarterly financial information derived from the Company's eight most recently completed quarters is as follows:

	Quarters Ended			
	October 31, 2015	July 31, 2015	April 30, 2015	January 31, 2015
	\$	\$	\$	\$
Loss and comprehensive loss	(3,174)	(13,335)	(8,166)	(40,616)
Basic and Diluted Loss Per Common Share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted Average Shares	17,666,409	17,666,409	17,666,409	17,666,409
	October 31, 2014	July 31, 2014	April 30, 2014	January 31, 2014
	\$	\$	\$	\$
Loss and comprehensive loss	(3,785)	(39,106)	(9,529)	(23,150)
Basic and Diluted Loss Per Common Share	(0.00)	(0.00)	(0.00)	(0.00)
Weighted Average Shares	17,474,507	17,474,507	10,988,870	10,482,559

Weighted average shares calculations do not include 1,000,000 escrowed shares for the quarters up to and including October 31, 2015 as they are contingently returnable.

The variations in losses from quarter to quarter are a result of the extent of the amount of administrative expenses incurred. Additionally, the following one time events occurred:

- During the quarter ended January 31, 2015, the Company recognized \$20,565 of share-based compensation.
- During the quarter ended July 31, 2014, the Company recognized \$29,731 in professional fees for legal fees related to various general corporate matters.

**LIQUIDITY AND CAPITAL RESOURCES**

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The Company has financed its operations to date through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt.

As at October 31, 2015, the Company's liquidity and capital resources are as follows:

	October 31, 2015	January 31, 2015
	\$	\$
Cash	848,257	874,234
<b>Total current assets</b>	<b>848,257</b>	<b>874,234</b>
Accounts payable and accrued liabilities	20,250	21,552
<b>Working capital</b>	<b>828,007</b>	<b>852,682</b>

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As at October 31, 2015, the Company had cash of \$848,257 (October 31, 2014 - \$880,486) consisting mainly of proceeds from its IPO and private placements. Cash decreased by \$14,187 during the three months ended October 31, 2015, which was the result of funding operating activities, versus a decrease of \$43,662 in the comparative period. The larger decrease in the comparative period was attributable to \$36,850 of cash that was used to fund operating activities and share issuance costs of \$6,812.

Management believes the Company has sufficient funds on hand to meet anticipated administrative expenses and necessary investigation costs associated with reviewing and identifying assets or business prospects in the furtherance of the Company's search for a suitable Qualifying Transaction. The Company anticipates that its funds on hand will be sufficient to complete the search for a Qualifying Transaction as well as legal and other related expenses.

As of the date hereof, the Company did not have any commitments for capital expenditures, and the Company does not anticipate any such commitments in the foreseeable future.

As a company listed on the NEX, the Company is subject to externally imposed capital requirements as outlined in Exchange Policy 2.4 and summarized below:

- 1) No salary, consulting, management fees or similar remuneration of any kind may be paid directly or indirectly to a related party of the Company or a related party of a Qualifying Transaction;
- 2) Gross proceeds realized from the sale of all securities issued by a CPC may only be used to identify and evaluate assets or businesses and obtain shareholder approval for a Qualifying Transaction;
- 3) No more than the lesser of \$210,000 and 30% of the gross proceeds from the sale of securities issued by a CPC may be used for purposes other than to identify and evaluate Qualifying Transactions;
- 4) After the completion of its IPO and until the completion of a Qualifying Transaction, a CPC may not issue any securities unless written acceptance of the Exchange is obtained before the issuance of the securities.

**OFF-BALANCE SHEET TRANSACTIONS**

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The Company does not have any off-balance sheet arrangements as at October 31, 2015 or as of the date of this report.

**RISKS & UNCERTAINTIES**

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The Company is actively trying to complete a Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and shall not generate earnings or pay dividends until at least after the complete of a Qualifying Transaction. Until the completion of a Qualifying Transaction, the Company is not permitted to carry on any other business other than the identification and evaluation of potential Qualifying Transactions.

There can be no assurances that the Company will continue to be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

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The Company's success depends to a certain degree upon key members for the management. It is expected that these individuals will be a significant factor in our growth and success. The loss of the service of members of the management and certain key employees could have a material adverse effect on the Company.

**CRITICAL JUDGEMENTS AND ESTIMATES**

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The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates on the resulting effects of the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

All of the Company's significant judgements and estimates are included in Note 2 of the Interim Financial Statements.

**CHANGES IN ACCOUNTING POLICIES**

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A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended October 31, 2015 and have not been applied in preparing the Interim Financial Statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending January 31, 2018 or later:

- a) IFRS 9 – Financial Instruments: Classification and Measurement applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The amendments are effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair values of the Company's accounts payable and accrued liabilities approximate their carrying values. The Company's other financial instruments, being cash, are measured at fair value using Level 1 inputs.

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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***Credit Risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The Company has deposited its cash with its bank from which management believes the risk of loss is remote.

***Liquidity Risk***

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and raising capital through equity financing.

***Interest Rate Risk***

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk, from time to time, on its cash balances. Surplus cash, if any, is placed on call with financial institutions and management actively negotiates favorable market related interest rates.

***Capital Management***

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the completion of a Qualifying Transaction. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favourable terms and approved by the Exchange.

**DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, OPTIONS AND WARRANTS**

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***Common Shares***

As at October 31, 2015 and the date of this report, the Company had 17,666,409 common shares issued and outstanding.

***Stock Options***

The following table summarizes the options outstanding and exercisable at the date of this report:

<b>Options outstanding</b>	<b>Exercise price</b>	<b>Options exercisable</b>	<b>Expiry date</b>
	<b>\$</b>		
200,000	0.10	200,000	July 6, 2016
200,000	0.10	200,000	January 5, 2020
40,000	0.10	40,000	July 6, 2021

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***Escrow shares***

As at October 31, 2015 and the date of this report, the Company has 1,000,000 issued shares held in escrow which will be released to shareholders in accordance with TSX-V Policy 2.4 over a period of up to 36 months after a Qualifying Transaction has been completed.

**MANAGEMENTS RESPONSIBILITY FOR FINANCIAL INFORMATION**

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The Company's financial statements and the other financial information included in this management report are the responsibility of the Company's management, and have been examined and approved by the Board of Directors. The financial statements were prepared by management in accordance with IFRS and include certain amounts based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

The Company maintains internal control systems designed to ensure that financial information is relevant and reliable and that assets are safeguarded.

Management recognizes its responsibility for conducting the Company's affairs in a manner to comply with the requirements of applicable laws and established financial standards and principles, and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information.

**EVALUATION OF DISCLOSURE CONTROLS & PROCEDURES**

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Management has evaluated the effectiveness of its disclosure controls and procedures and has concluded that they are sufficiently effective to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

**OTHER MD&A REQUIREMENTS**

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Additional information relating to the Company may be found on or in:

- SEDAR at [www.sedar.com](http://www.sedar.com).
- The Company's condensed interim financial statements for the three and nine months ended October 31, 2015.
- The Company's audited financial statements for the years ended January 31, 2015.

This MD&A was approved by the Board of Directors of Saber Capital Corp. on December 28, 2015.