

CLUNY CAPITAL CORP.
(A Capital Pool Company)

Form 51-102F1 - Management's Discussion & Analysis for the financial year ended December 31, 2015

Date: April 28, 2016

Introduction

Corporate structure and background

The following management's discussion and analysis ("MD&A"), dated as of April 28, 2016, is a review of operations, current financial position and outlook for Cluny Capital Corp. (the "Company"). Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

This MD&A should be read in conjunction with the Company's audited financial statements for the period ended December 31, 2015 and the notes thereto. Amounts are reported in Canadian dollars, unless otherwise specified.

The Company prepared audited financial statements as at, and for the period from January 1, 2015 until, December 31, 2015.

Forward-Looking Statements

Certain statements contained in the following MD&A constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Company's management, are intended to identify forward-looking statements. Such forward-looking statements involve a number of 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. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company does not intend and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments, except as required by law.

Risks and Uncertainties

The Company has no active business or 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 (as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange")) and may never pay dividends.

To date, the Company has not completed a Qualifying Transaction. The Company has limited funds with which to identify and complete a Qualifying Transaction, and there can be no assurance that the Company will be able to complete a suitable Qualifying Transaction within the time period permitted. Readers should refer to the risk factors disclosed in the Company's final prospectus dated May 21, 2014 filed on SEDAR.

Overall Performance

The Company was incorporated under the Business Company's Act (Ontario) on August 11, 2011 and is classified as a Capital Pool Company as defined in Policy 2.4 of the Exchange. The Company has not commenced commercial operations and has no assets other than cash.

The Company filed a (final) prospectus dated May 21, 2014 with the securities regulatory authorities of British Columbia, Alberta, and Ontario relating to the offering of a minimum of 2,125,000 common shares and a maximum of 6,000,000 common shares at a price of \$0.20 per share (the "Prospectus").

On August 20, 2014, the Company completed the offering of 2,233,700 common shares of the Company for gross proceeds to the Company of \$446,740.00 (the "Offering"). Pursuant to an agency agreement entered into between the Company and All Group Financial Services Inc. (the "Agent") on May 21, 2014 (the "Agency Agreement"), the Company appointed the Agent as its agent for the Offering. The Company paid the Agent a cash commission of \$44,674.00, being 10% of the gross proceeds of the Offering, a work fee of \$10,000 and the Agent's expenses in the amount of \$7,888.69 (which includes Agent's counsel fees, disbursements related to the Offering, plus applicable taxes). Pursuant to the Agency Agreement, the Agent, and any sub-agents, were also granted non-transferable options to purchase up to 223,370 common shares of the Company at a price of \$0.20 per common share, which expire on August 20, 2016 (the "Agent's Option"). The Prospectus qualifies the distribution of the Agent's Options. The Company also granted 373,370 options to purchase common shares of the Company upon the closing of the Offering (the "Incentive Stock Options"), at a price of \$0.20 per common share, to certain of the Company's directors and officers in accordance with the policies of the Exchange. The Prospectus qualifies the distribution of the Incentive Stock Options.

The common shares of the Company were listed on the Exchange at the close of business on August 19, 2014 and commenced trading on the Exchange under the stock symbol "CLN.P" on August 20, 2014.

Until completion of a Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described in the Prospectus, the funds that will be raised pursuant to the Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions.

For the period ended December 31, 2015, the Company reported no discontinued operations, no changes in accounting policies and declared no cash dividends. The Company's balance sheet remains free from long-term debt and capital leases.

Selected Financial Information

See related financial statements as at and for the period ended December 31, 2015 and December 31, 2014.

Results of Operations

During the year ended December 31, 2015 compared with the year ended December 31, 2014, the Company had no business operations other than in connection with the identification and evaluation of a potential acquisition or businesses which will constitute the Company's Qualifying Transaction.

During the year ended December 31, 2015 the Company incurred a net loss of \$78,778 compared to a net loss of \$121,267 for the year ended December 31, 2014. The decrease is due to a reduction in share-based payments.

Summary of Annual Results

See related financial statements as at and for the years ended December 31, 2014 and December 31, 2015.

Liquidity

In order to provide the Company with a minimum of funds with which to identify and evaluate businesses or assets with a view to completing a Qualifying Transaction, on the date of incorporation, the Company issued 1 common share at a price of \$1.00 and then subsequently offered 1,500,000 Common Shares at a price of \$0.10 per share for gross proceeds of \$150,001. On August 20, 2014, the Company completed the Offering for gross proceeds to the Company of \$446,740.00. Management believes the Company has sufficient working capital to meet its ongoing financial obligations for the coming quarter.

As of the date of this MD&A, the Company does not anticipate receiving material cash streams from its existing investments in the immediate future. Other than interest on bank balances, the Company has no source of cash other than from the issuance of common shares.

As at December 31, 2015, the Company has accounts payable and accrued liabilities of \$37,959 (December 31, 2014 - \$21,402) due within 12 months and has cash of \$303,153 (December 31, 2014 - \$365,374), subject to restrictions (See Note 4 of the related financial statements for the years ended December 31, 2015, and 2014), to meet its current obligations. As a result the Company has minimal liquidity risk.

Capital Resources

As at December 31, 2015, the Company has cash of \$303,153 (December 31, 2014 - \$365,374), subject to restrictions (See Note 4 of the related financial statements for the years ended December 31, 2015, and 2014). The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

The Company has sufficient working capital at this time to meet its ongoing financial obligations.

The Company does not generate revenue from operations and any additional working capital would need to result from the issuance of share capital. There is no assurance that additional funding will be available to the Company, or if available, will be on acceptable terms.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

During the year ended December 31, 2015, nil (2014 - 373,370) stock options were granted to directors and officers which were valued at \$nil (2014 - \$84,839). There was no further compensation to key management personnel.

During the period ended December 31, 2015, the Company incurred \$57,464 (2014 - \$74,001) in legal and agent fees to a law firm where a director of the Company was a partner. As at December 31, 2015, \$6,157 (2014 - \$12,146) was payable to the firm.

Proposed transactions

On September 11, 2015 the Company entered into a letter of intent with Active ImageNation Inc. (DBA Cap That) ("**Cap That**"). Subsequent to year end the Company mutually agreed with Cap That, to terminate the letter of intent with respect to the proposed transaction.

On January 21, 2016, the Company announced that it had entered into a letter of intent dated January 7, 2016 with Pizza Couture Inc. ("**Pizza Couture**"), a corporation incorporated under the *Business Corporations Act* (Ontario) (the "**OBCA**") pursuant to which the Company and Pizza Couture intended to complete a transaction (the "**Proposed Transaction**") currently anticipated to be by way of a "three-cornered" amalgamation under the amalgamation provisions of the OBCA. The Proposed Transaction, if completed, will constitute the Company's "Qualifying Transaction" under Policy 2.4 – *Capital Pool Companies* of the TSX Venture Exchange (the "**TSX-V**"). The Proposed Transaction will be an arm's length transaction.

As part of the Proposed Transaction, the Company will complete a concurrent financing for aggregate gross proceeds of a minimum of \$1,200,000 and a maximum of \$2,000,000.

Subject to TSX-V approval, the Company will advance to Pizza Couture, as a secured loan, up to \$225,000 pursuant to subsection 8.5(a) of TSX-V Policy 2.4.

There is no assurance that the Proposed Transaction will be completed.

Subsequent Events

On April 26, 2016 the Company amended the stock options granted on August 20, 2014 to a director of the Company to purchase up to 186,685 common shares at a purchase price of \$0.20 per common share instead of 212,870 common shares, at a purchase of price of \$0.20.

Changes in Accounting Policies

There were no changes in accounting policies for the years ended December 31, 2015, and 2014

Summary of Significant Accounting Policies

See Note 3 to the Company's financial statements for the years ended December 31, 2015 and 2014.

Additional Information Outstanding Share Data as at December 31, 2015

Authorized

The Company is authorized to issue an unlimited number of common shares.

Issued

The Company has issued 3,733,701 common shares, of which 1,500,001 common shares are held in escrow.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com

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