

# **SOLEIL CAPITAL CORP.**

Management's Discussion and Analysis  
Period Ended February 28, 2017

This Management's Discussion and Analysis ("**MD&A**") provides a discussion and analysis of the financial condition and results of operations of Soleil Capital Corp. (the "**Company**") to enable a reader to assess material changes in the financial condition and results of operations for the three month period ended February 28, 2017. The MD&A should be read in conjunction with the unaudited condensed interim financial statements and notes thereto of the Company for the three month period ended February 28, 2017 as well as the Company's audited financial statements and notes thereto for the period from the Company's incorporation on October 19, 2016 to November 30, 2016. The Company's condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). All amounts included in the MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of April 11, 2017.

## **NATURE OF BUSINESS**

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on October 19, 2016. The Company is a Capital Pool Company (a "**CPC**") as defined in Policy 2.4 of the TSX Venture Exchange Inc. (the "**Exchange**"). The Company has not commenced commercial operations and proposes to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition or participation subject to receipt of regulatory approval.

Until completion of a Qualifying Transaction (as defined in Exchange Policy 2.4), 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 Company's final prospectus dated December 19, 2016, the funds raised pursuant to the Company's initial public offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

Although the Company has commenced the process of identifying potential acquisitions with a view to completing the Qualifying Transaction, the Company has not yet entered into an Agreement in Principle (as defined in Exchange Policy 2.4).

There is no assurance that the Company will identify an appropriate business or asset for acquisition or investment and even if so identified and warranted, it may not be able to finance such acquisition or investment. Additional funds may be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that a businesses or asset acquired will be profitable.

The condensed interim financial statements have been prepared on a going concern basis, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The continuing operations of the Company are dependent upon its ability to identify, evaluate, negotiate and complete a Qualifying Transaction, which, as disclosed here below, is questionable at this time.

As a CPC, the Company is required to complete a Qualifying Transaction within 24 months of the date of the listing of its shares on the Exchange. The Company completed its initial public offering and its Common Shares were listed on the Exchange during the first quarter of 2017. The rules of the Exchange provide that, if a CPC is unable to complete a Qualifying Transaction by its 24<sup>th</sup> month anniversary, the CPC may be granted an additional 90 days in which it may continue to pursue the completion of the proposed Qualifying Transaction notwithstanding that its shares may be suspended from trading. At the

time of suspension, a CPC will have two options to retain a listing on the Exchange, namely the completion of a Qualifying Transaction or transferring to the Exchange's NEX board. The purpose of the 90 day extension after suspension is to provide a CPC with sufficient time to obtain the necessary approvals and provide the Exchange with the required documentation to transfer to NEX. In order to be eligible to list on NEX, a CPC must obtain majority shareholder approval to transfer to NEX exclusive of the votes of non-arm's length parties of the CPC and cancel some or all of the seed shares issued by the CPC.

#### **FORWARD LOOKING STATEMENTS**

*Certain statements contained in this MD&A, including statements or information that contain terminology such as "anticipate", "believe", "intend", "expect", "estimate", "may", "could", "will", and similar expressions constitute "forward-looking statements" within the meaning of applicable Canadian securities legislation. All statements, other than statements of historical fact, that address activities, events, or developments that we or a third party expect or anticipate will or may occur in the future, including our future growth, results of operations, performance and business prospects and opportunities are forward-looking statements.*

*These forward-looking statements reflect our current beliefs and are based on information currently available to us. These statements require us to make assumptions we believe are reasonable and are subject to inherent risks and uncertainties. Actual results and developments may differ materially from the results and developments discussed in the forward-looking statements as certain of these risks and uncertainties are beyond our control.*

*Examples of such forward-looking statements in this MD&A include, but are not limited to, our ability to complete a Qualifying Transaction at all, or if completed, on terms that are ultimately beneficial to shareholders. These forward-looking statements are based on a number of assumptions that may prove to be incorrect, which include, but are not limited to:*

- our ability to obtain necessary financing to complete a Qualifying Transaction;*
- our ability to satisfy conditions under any acquisition agreement for a Qualifying Transaction;*  
*and*
- meeting the conditions of the Exchange with respect to the Qualifying Transaction.*

*Consequently, all of the forward-looking statements made in this MD&A are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are made as of the date of this MD&A. Except as required by applicable securities legislation, we assume no obligation to update publicly or revise any forward-looking statements to reflect subsequent information, events, or circumstances.*

#### **DISCUSSIONS OF OPERATIONS AND FINANCIAL CONDITION**

As at February 28, 2017, the Company had not completed its Qualifying Transaction and all business activity was directed towards the identification of a Qualifying Transaction.

The Company's expenditures include costs to maintain a public company in good standing and expenses to identify and evaluate acquisitions of companies, businesses, assets or properties. Public company

costs include professional fees for audit and legal, transfer agent fees, insurance fees, Exchange listing and filing fees and costs of preparing, printing and filing continuous disclosure documents.

### **SELECTED FINANCIAL INFORMATION AND SUMMARY OF QUARTERLY RESULTS**

The Company was incorporated on October 19, 2016 and became a reporting issuer on December 19, 2016. A summary of selected annual financial information is as follows:

	Period ended November 30, 2016 <sup>(1)</sup>	Three months ended February 28, 2017 <sup>(1)</sup>
Revenue	-	-
Expenses	-	\$125,179
Net Income (loss)	-	(\$125,179)
Net loss per share: basic	-	(\$0.03)
Net loss per share: diluted	-	(\$0.03)
Cash	\$103,475	\$918,165
Assets	\$126,000	\$918,165
Working Capital	\$120,000	\$916,365

(1) The Company was incorporated on October 19, 2016 and as a result comparative data for prior periods is not available.

Costs include share based compensation, legal, trustee, accounting and other Exchange costs to maintain listing sustainability.

This summary of quarterly results should be read in conjunction with the condensed interim financial statements and notes thereto of the Company for the period ended February 28, 2017.

### **LIQUIDITY AND CAPITAL RESOURCES**

As at February 28, 2017, the Company had cash of \$918,165 and working capital of \$916,365. The Company's cash was derived from the issuance of 12,400,000 common shares for gross proceeds of \$1,120,000, less amounts paid for certain costs relating to the preparation of a Prospectus for the Company's initial public offering, filing and Exchange fees, transfer agent fees, insurance fees, agent's fees and legal expenses.

Management believes that the Company has sufficient working capital to meet its ongoing administrative costs. As a CPC, the Company's only source of revenue is interest income, thus working capital is expected to decrease pending the completion of a Qualifying Transaction.

### **CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS**

The Company is not yet party to any industry contracts or arrangements and does not have any off balance sheet arrangements that have, or are reasonably likely to have, an effect on the results of operations or financial condition of the Company.

### **RISKS AND UNCERTAINTIES**

The Company is a CPC under the policies of the Exchange. As a result, the Company must complete a Qualifying Transaction within 24 months of its listing on the Exchange. Although management of the

Company will work diligently to identify a Qualifying Transaction, there is no assurance that a Qualifying Transaction will be entered into or completed within the 24 month period required by the Exchange.

Until completion of a Qualifying Transaction the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

(a) Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributed to cash. Cash balances are held with a Schedule 1 Canadian bank, from which management believes the risk of loss to be remote.

(b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2017, the Company had a cash balance of \$918,165 (November 30, 2016 - \$103,475) and \$1,800 in liabilities (November 30, 2016 - \$6,000). All the Company's financial liabilities have contractual maturities of 30 days and are due on demand and are subject to normal track terms.

(c) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest Rate Risk

The Company has cash balances and no interest-bearing debt

ii. Foreign Currency Risk

The Company does not have assets or liabilities in foreign currency.

iii. Commodity Risk

The Company is not exposed to commodity price risk.

### **RELATED PARTY TRANSACTIONS**

On October 19, 2016, Michael Thomson, the President, Chief Executive Officer, Chief Financial Officer and a Director of the Company subscribed for 1 common share of the Company for a purchase price of \$0.05. On November 7, 2016, the initial common share of the Company issued to Michael Thomson was returned to Company and the directors and officers of the Company subscribed for an aggregate of 2,400,000 common shares of the Company at \$0.05 per share for aggregate gross proceeds of \$120,000.

The foregoing transactions were conducted in the ordinary course of business and recorded at their exchange amounts, which was the consideration paid or received by the Company as agreed to between the related parties.

## **FINANCIAL AND OTHER INSTRUMENTS**

The Company, as part of its operations, carries financial instruments consisting of cash and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant credit, interest, or currency risks arising from these financial instruments except as otherwise disclosed.

### **Fair value**

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash is determined on level 1 inputs. The carrying amount of cash and accounts payable and accrued liabilities approximates its fair value due to the short-term maturities of these items.

## **CRITICAL ACCOUNTING ESTIMATES**

The accounting policies adopted are consistent with those of the previous financial reporting period. In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the period ended November 30, 2016.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee ("**IFRIC**"). Based on current operations there are no impending changes that will affect the financial statements of the Company.

## **PROPOSED TRANSACTIONS**

There is no imminent decision by the Board of Directors of the Company with respect to any transaction beyond what is included in this MD&A.

## **CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the general operations of the Company and facilitate the liquidity needs of a Qualifying Transaction. The Board of Directors 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. The Company defines capital to include its working capital position, capital stock and accumulated deficit.

In order to fund a future Qualifying Transaction and pay for administrative costs, the Company will spend its existing working capital and may have to raise additional amounts as needed.

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 changes in the Company's approach to capital management during the period ended February 28, 2017. The Company is not subject to externally imposed capital requirements.

## **POTENTIAL DILUTION**

The Company has issued an aggregate of 2,240,000 options (including 1,170,000 options granted to directors and officers of the Company, 70,000 options issued to the Canadian Cancer Society and 1,000,000 options as compensation to the agent pursuant to the Company's initial public offering. If options or warrants are issued in the future, the issue of common shares of the Company upon the exercise of such options and warrants could dilute the ownership interest of the Company's shareholders.

## **CURRENT GLOBAL FINANCIAL CONDITIONS**

Current global financial conditions have been characterized by increased volatility, declining liquidity and the exit of a number of traditional investors from public markets. Access to public financing has been made more challenging by a global contraction of commercial and consumer credit markets. The ensuing decline in consumption has led to a marked erosion of investor confidence and risk tolerance.

A major consequence/contributor to these factors may be seen in the unparalleled number of established financial institutions facing involuntary corporate reorganization, insolvency, bankruptcy and/or governmental intervention. While the most sensational of the corporate casualties have occurred in the United States, the global nature today's economic reality has left no interrelated public market unscathed. These factors may affect the ability of the Company to obtain equity or debt financing in the future on terms favourable to the Company or at all. Any or all of these economic factors, as well as other factors not specifically identified herein, may cause a decline in asset values that could be deemed to be other than temporary, resulting in impairment losses. If such conditions continue, the Company's operations could be negatively impacted, and the trading price of its common shares may be adversely affected.

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Company's condensed interim financial statements are the responsibility of the Company's management, and have been approved by the board of directors. The condensed interim financial statements were prepared by the Company's management in accordance with IFRS. The condensed interim financial statements include certain amounts based on the use of estimates and assumptions.

Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

### **DISCLOSURE AND INTERNAL FINANCIAL CONTROLS**

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that:

- (a) the audited and unaudited financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the audited and unaudited financial statements; and
- (b) the financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the audited and unaudited financial statements.

In contrast to the certificate required under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- (c) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (d) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's IFRS.

The Company's certifying officer is responsible for ensuring that processes are in place to provide him with sufficient knowledge to support the representations he is making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

### **OUTSTANDING SHARE DATA**

The Company is authorized to issue an unlimited number of common shares without nominal or par value and an unlimited number of Preferred Shares without nominal or par value. As at February 28, 2017, there were 12,400,000 common shares (and no other securities of the Company) issued and outstanding.

**INVESTOR RELATIONS**

As a CPC, the Company is not permitted to engage any investor relations contractors. Any inquiries from existing or prospective investors are typically directed to Michael Thomson, President and Chief Executive Officer of the Company.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR web site [www.sedar.com](http://www.sedar.com).