

Sanibel Ventures Corp.
(A Capital Pool Company)

Management Discussion & Analysis

For the six months ended September 30, 2018

This Management Discussion and Analysis (“**MD&A**”) of financial position and results of operation are as at November 27, 2018 and should be read in conjunction with the condensed interim financial statements for the three and six months ended September 30, 2018 and related notes (the “**Interim Financial Statements**”) and the audited financial statements for the period from inception on October 24, 2017 to March 31, 2018 and related notes (the “**Annual Financial Statements**”). The Interim Financial Statements of Sanibel Ventures Corp. (the “**Company**”) have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis are quoted in Canadian dollars. Additional information can be found at the website www.sedar.com.

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. Readers are cautioned that these statements which describe the Company’s plans, objectives, and budgets may differ materially from actual results. See additional discussion under “Risks and Uncertainties” section.

CORPORATE PROFILE AND OVERALL PERFORMANCE

Sanibel Ventures Corp. was incorporated under the Business Corporations Act (British Columbia) on October 24, 2017. 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 or participation in a business subject to receipt of shareholder approval, if required, and acceptance by regulatory authorities. The Company’s common shares commenced trading on the TSX Venture Exchange (“TSX-V”) under the trading symbol “SBEL.P” on August 1, 2018. The Company is classified as a Capital Pool Company (“CPC”) as defined in the TSX-V Policy 2.4.

The Company’s head office, principal address and registered and records office is located at 2080 – 777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4.

On July 27, 2018, the Company completed its initial public offering (the “Offering”) of 2,000,000 common shares at a price of \$0.10 per common share for gross proceeds of \$200,000 pursuant to a prospectus dated June 15, 2018. The Company’s agent engaged in connection with the Offering was paid a commission of \$16,000, a Corporate Finance Fee of \$8,400, and reimbursed for its expenses of \$12,145 incurred pursuant to the Offering. The Company also granted 40,000 non-transferable warrants, of which 11,545 warrants were exercised on August 7, 2018 for gross proceeds of \$1,154, to its agent at a price of \$0.10 per share for a period of 24 months.

On July 27, 2018, the Company granted an aggregate of 400,000 incentive stock options to its director, officers and certain technical consultants with an exercise price of \$0.10 for a period of five years.

RESULTS OF OPERATIONS

As at the date of this report, the Company was a CPC. Accordingly, the Company has not recorded any revenues, and depends upon share issuances to fund its administrative expenses. See the summary of results, below:

Selected Financial Data

	For the three months ended September 30, 2018	For the six months ended September 30, 2018	For the period from inception on October 24, 2017 to March 31, 2018
	\$	\$	\$
General and administrative expenses	52,806	63,380	26,183
Net and comprehensive loss	(52,806)	(63,380)	(26,183)
Basic and diluted loss per share	(0.04)	(0.09)	-
Working capital	205,086	205,086	73,817
Total assets	232,900	232,900	88,961
Total shareholders' equity	205,086	205,086	73,817

Net and comprehensive loss

At September 30, 2018, the Company had not yet achieved profitable operations and has accumulated losses of \$89,563 (March 31, 2018 - \$26,183) since inception.

Results of Operations

The operating and administrative expenses for the six months ended September 30, 2018 totalled \$63,380 (March 31, 2018 – \$26,183).

The table below details the changes in major expenditures for the six months ended September 30, 2018 as compared to the period from inception on October 24, 2017 to March 31, 2018.

Expenses	Increase / Decrease in Expenses	Explanation for Change
Filing fees	Increase of \$14,416	Increase due to the Company incurring costs related to the initial public offering.
Share-based compensation	Increase of \$30,040	Increase due to no options granted in the comparing period.

Summary of quarterly results for the last consecutive 8 quarters

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

	Quarters Ended			
	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
	\$	\$	\$	\$
Net and Comprehensive Loss	(52,806)	(10,574)	(13,207)	(12,976)
Basic and Diluted Loss Per Share	(0.04)	-	-	-

	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
	\$	\$	\$	\$
Net and Comprehensive Loss	-	-	-	-
Basic and Diluted Loss Per Share	-	-	-	-

Loss per share and weighted average shares calculation does not include 2,000,000 escrowed shares as they are contingently returnable.

LIQUIDITY AND CAPITAL RESOURCES

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.

The Company's liquidity and capital resources are as follows:

	September 30, 2018	March 31, 2018
	\$	\$
Cash	226,571	78,961
Prepaid	6,329	10,000
Total current assets	232,900	88,961
Accounts payables and accrued liabilities	27,814	15,144
Working capital	205,086	73,817

As at September 30, 2018, the Company had cash of \$226,571 (March 31, 2018 – \$78,961) and had working capital of \$205,086 (March 31, 2018 – \$73,817). The balance in cash is from the proceeds of \$100,000 following the issuance of 2,000,000 common shares of the Company pursuant to its seed share financing and from the proceeds of \$200,000 following the issuance of 2,000,000 common shares of the Company pursuant to its initial public offering.

Management believes the Company has sufficient funds on hand to meet anticipated administrative and other related expenditures.

As of the date hereof, the Company did not have any commitments for capital expenditures.

As a CPC, the Company is subject to externally imposed capital requirements as outlined in the TSX-V 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 (“QT”);
- 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 QT;
- 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 a QT;
- 4) After the completion of its IPO and until the completion of a QT, a CPC may not issue any securities unless written acceptance of the TSX-V is obtained before the issuance of the securities.

OFF-BALANCE SHEET TRANSACTIONS

The Company does not have any off-balance sheet arrangements as at September 30, 2018 or as of the date of this report.

RELATED PARTY TRANSACTIONS

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including directors (executive and non-executive) of the Company.

Summary of key management personnel compensation:

	For the six months ended September 30, 2018
	\$
Share-based compensation	30,040

CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company’s financial statements include:

- i. The assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.
- ii. The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

CHANGE IN ACCOUNTING POLICIES

Financial instruments

Financial assets

On April 1, 2018, the Company adopted IFRS 9 – Financial Instruments (“IFRS 9”) which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking ‘expected loss’ impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company’s classification and measurement of financial assets and liabilities.

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company’s business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company’s financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new “expected credit loss” impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended September 30, 2018 and have not been applied in preparing the Interim Financial Statements:

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company’s condensed interim financial statements.

RISKS & UNCERTAINTIES

The Company is actively working to identify and evaluate assets or businesses in order to complete a QT 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 completion of a QT, if at all. Until the completion of a QT, the Company is not permitted to carry on any other business other than the identification and evaluation of significant assets in pursuit of a QT.

There can be no assurances that the Company will identify any assets or businesses in pursuit of a QT, or have the financial resources necessary to complete a QT. Nor can there be an assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

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 team or certain key employees could have a material adverse effect on the Company.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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 value of the Company's accounts payable and accrued liabilities approximate their carrying value. The Company's other financial instrument, being cash, is 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:

- (a) 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 a high credit quality financial institution as determined by rating agencies to mitigate any risk.
- (b) 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 approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when due. Accrued liabilities are due within the current operating period. The Company has a sufficient cash balance to settle current liabilities.
- (c) Market risk:
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company is not exposed to market risk.
- (d) 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 defines capital as the Company's shareholder's equity. The Company's objectives when managing capital is to safeguard its accumulated capital by maintaining a sufficient level of funds to complete the Company's QT while providing adequate returns to shareholders.

DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES AND OPTIONS

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at September 30, 2018	Date of this MD&A
Common shares	4,011,545	4,011,545
Stock options	400,000	400,000
Warrants	28,455	28,455

As at the date of this MD&A, the Company has 4,011,545 common shares issued and outstanding of which 2,000,000 shares of the Company are held in escrow and will be released from escrow in tranches over 36 months from the Company's listing on the TSX-V.

Details of the outstanding stock options:

Number of options outstanding	Number of options exercisable	Exercise price \$	Expiry date
400,000	400,000	0.10	July 27, 2023

Details of the outstanding warrants:

Number of warrants	Exercise price \$	Expiry date
28,455	0.10	July 27, 2020

OTHER MD&A REQUIREMENTS

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's condensed interim financial statements for the three and six months ended September 30, 2018; and
- the Company's audited financial statements for the period from inception on October 24, 2017 to March 31, 2018.

This MD&A has been approved by the Board on November 27, 2018.