# Trillium Acquisition Corp.

(a Capital Pool Corporation)

Management's Discussion and Analysis

For the nine-month period ended September 30, 2024

## Introduction

This management's discussion and analysis ("MD&A") of Trillium Acquisition Corp. (the "Company") prepared by management as at November 20, 2024 and should be read in conjunction with the Company's condensed interim financial statements as of September 30, 2024 and the audited financial statements for the year ended December 31, 2023 and the notes thereto. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS").

This MD&A may contain "forward-looking statements" which reflect expectations regarding future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

## Nature of the Business and Incorporation

Trillium Acquisition Corp. ("the Company") was incorporated pursuant to the provisions of the Business Corporations Act of British Colombia on October 23, 2019. The Company intends to carry on business as a "Capital Pool Corporation" ("CPC"), as such term is defined in TSX Venture Exchange Inc. (the "Exchange") Policy 2.4 - Capital Pool Companies ("Policy 2.4").

The Company's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm's-length transaction, of the majority of the minority shareholders.

The Company's registered head office address is 231 Wedgewood Drive, Oakville, ON L6J 4R6.

## Selected Annual Information – For the Year ended Dec. 31, 2023 and nine months ended September 30, 2024

| | Q3<br>30-Sep-24<br>(unaudited) | 31-Dec-23<br>(audited) |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Cash | 419,455 | 604,094 |
| Deposits | 25,000 | - |
| Accounts receivable | 382 | 2,218 |
| Prepaid expenses | 6,705 | 2,970 |
| Prepaid financing costs | 11,300 | - |
| **Total current assets** | 462,842 | 609,282 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | - | 113,000 |
| **Total current liabilities** | - | 113,000 |
| **Shareholders' equity** | | |
| Capital stock | 1,024,072 | 1,024,072 |
| Contributed Surplus | 123,192 | 123,192 |
| Deficit | (684,422) | (650,982) |
| **Total shareholder's equity** | 462,842 | 496,282 |
| **Total liabilities and shareholder's equity** | 462,842 | 609,282 |

## Results of Operations

*Selected financial information:*

The following is a summary of the Company's cumulative financial results for the three and nine-month period ended September 30, 2024 and September 30, 2023

| | Q3 Nine months ended | | Three months ended | |
|---|---|---|---|---|
| | September 30, 2024 | September 30, 2023 | September 30, 2024 | September 30, 2023 |
| | $ | $ | $ | $ |
| **Interest Income** | 13,146 | 19,797 | 3,896 | 7,761 |
| **Expenses** | | | | |
| Insurance | 12,357 | 13,365 | 4,023 | 4,455 |
| Professional fees | 33,763 | 35,513 | 2,906 | 19,358 |
| Bank charges | 466 | 171 | 139 | 61 |
| Total Expenses | | | | |
| **Net and comprehensive loss** | **(33,440)** | **(29,253)** | **(3,172)** | **(16,112)** |
| **Weighted average shares outstanding** | **7,227,400** | **7,227,400** | **7,227,400** | **7,227,400** |
| **Basic and diluted loss per share** | **(0.00)** | **(0.00)** | **(0.00)** | **(0.00)** |

## Liquidity and Capital Resources

As of September 30, 2024, the Company had $419,455 in cash. The Company incurred a net loss of $33,440. Such losses include costs related to professional fees related to the Company's insurance, audit fees & filing requirements.

Management anticipates that ongoing costs relating to the identification, evaluation, due diligence, negotiation, and completion of a Qualifying Transaction will be incurred in future periods. The timing and magnitude of these costs is not predictable. These costs may be significant and could possibly result in higher general and administrative expenses. To date, the Company has procured working capital through equity financing.

## Off Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

## Related Party Transactions

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as certain persons performing similar functions. During the nine-month period ended September 30, 2024, the Company incurred $5,650 in professional services.

## Financial Instruments and Other Instruments

Management does not believe these financial instruments expose the Company to any significant interest, currency or credit risks. The Company's financial instruments consist of cash, deposits, accounts receivable, prepaid expenses, prepaid financing costs, and accounts payable and accrued liabilities.

Financial assets are required to be initially measured at fair value and subsequently classified at amortized costs or fair value on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are initially measured at fair value and subsequently classified as amortized cost.

## Management of Capital

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued common shares, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

## Share Capital

The following shares were outstanding as at September 30, 2024:

| | Capital stock | | Contributed Surplus | Deficit | Total |
|---|---|---|---|---|---|
| | units | $ | $ | $ | $ |
| **Shareholder's equity as at December 31, 2023** | **17,227,400** | **1,024,072** | **123,192** | **(650,982)** | **496,282** |
| Net and comprehensive loss | | | | (33,440) | (33,440) |
| **Shareholder's equity as at September 31, 2024** | **17,227,400** | **1,024,072** | **123,192** | **(684,422)** | **462,842** |

On October 23, 2019 the Company issued 10,000,000 common shares to officers, directors and founders of the Company at a price of $0.05 per share. All 10,000,000 common shares are subject to an escrow agreement and will be released as follows: 25% on the completion of the Qualifying Transaction, 25% will be released on the dates 6 months, 12 months, 18 months following the initial release.

### Initial public offering

On April 30, 2021, the Company completed its initial public offering (the "Offering") of an aggregate of 7,171,400 common shares of the Company at a price of $0.10 per share for gross proceeds of $717,140. The Company has listed on the Exchange on May 5, 2021 under the ticker TCK.P. As consideration for services rendered in connection with the Offering, the Company paid Echelon Wealth Partners (the "Agent") a $71,140 cash commission and granted an option to acquire 717,140 common shares for a period of 24 months from the date of listing at an exercise price of $0.10. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.31%, expected volatility of 100% and an expected life of two years. The value attributed to these options was $37,434.

On January 18, 2021, 56,000 agent options were exercised at a price of $0.10. On May 5, 2022, the remaining 661,140 agent options expired. As of September 30, 2024 there are no outstanding agent options.

**Share option plan**

On November 15, 2019, the Company has adopted a share option plan in accordance with the policies of the TSX Venture which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the issued and outstanding common shares. The options are exercisable for the period of up to 10 years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the exercise price per common share and the number of share options which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX Venture.

On May 3, 2022, the annual general and special meeting was held, and the shareholders voted that the option plan be amended pursuant to which the total number of common shares of the Company reserved for issuance both before and after completion of a Qualifying Transaction is 10% of the issued and outstanding common shares of the Company as of the grant, rather than at the closing date of the initial public offering.

Upon listing, the Company granted 1,200,000 options to its directors and officers, which are exercisable within five years from the date of grant at an exercise price of $0.10 per share and are immediately vested. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, risk-free interest rate of 0.40%, expected volatility of 100% and an expected life of five years. The value attributed to these options was $88,680 and are recognized in director compensation in the year ended December 31, 2020. During the year ended December 31, 2020, 189,470 stock options were forfeited. On March 31, 2021, an additional 442,120 stock options were forfeited.

| | Number of stock options | Weighted average exercise price |
|---|---|---|
| | | $ |
| Balance, December 31, 2023 | 568,410 | 0.10 |
| Issued | - | - |
| Forfeited | - | - |
| **Balance, September 30, 2024** | **568,410** | **0.10** |

The following table represents the actual stock options issued and outstanding as at September 30, 2024:

| Expiry date | Weighted average exercise price | Weighted average remaining contractual life (years) | Number of options outstanding | Number of options vested (exercisable and outstanding) |
|---|---|---|---|---|
| May 5, 2025 | $0.10 | 0.59 years | 568,410 | 568,410 |

**Escrowed shares**

Subject to an Escrow Agreement pursuant to the requirements of the Exchange, the 10,000,000 common shares issued by the Company are held in escrow. Under the terms of the Escrow Agreement, these shares will be released as to 25% thereof on the completion of the Company's qualifying transaction, as defined in the policies of the Exchange, and as to 25% thereof on each of the 6th, 12th, 18th months following the initial release.

## Risk Factors

The Company is actively trying to complete its 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 completion of a Qualifying Transaction. Until that time, 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 favorable.

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

## Qualified Transaction

On October 24, 2024, Trillium Acquisition Corp. (the "Company") entered into an Amending Agreement with Bankview 1827 Investment Corp., Capitol Hill 1426 Investment Corp., and Sunalta 1509 Development Corp. (collectively the "Vendors"), each a private company incorporated under the laws of Alberta, amending certain terms of the original Business Combination Agreement dated May 17, 2024. This Amending Agreement (the "Agreement") outlines updates to the consideration and terms associated with the Company's proposed acquisition of three multi-family residential properties located in Calgary, Alberta (the "Real Property Assets"). The acquisition of these assets will constitute the Company's Qualifying Transaction (the "Transaction") under TSX Venture Exchange ("TSXV") policies.

**Amended Consideration**
Pursuant to the Agreement, the consideration payable to the Vendors in connection with the acquisition of the Real Property Assets has been updated as follows:

- **Cash Consideration**: The Company will make an aggregate cash payment of $17,000,000 to the Vendors. An initial deposit of $25,000 has been paid, and, subject to TSXV approval, an additional payment of $225,000 will be advanced as a secured loan. This cash consideration is subject to adjustments customary for real estate transactions.
- **Share Issuance**: The Company will issue 94,835,830 common shares to the Vendors as part of the purchase price.
- **Guarantee Fees**: The Company has agreed to pay up to $900,000 in guarantee fees to certain affiliates of the Vendors for guarantees provided concerning mortgages related to the Real Property Assets. This payment is contingent upon TSXV and other necessary approvals.

**Concurrent Private Placement**
To finance the Transaction and related expenses, the Company plans to conduct a concurrent private placement to raise minimum proceeds of $20,000,000. This private placement replaces the previously planned vendor-take-back mortgage arrangement. The successful completion of the private placement is crucial to the Company's liquidity and its ability to fulfill the cash component of the Transaction.

**Proposed Share Consolidation**
Following the completion of the Transaction, the Company intends to undertake a share consolidation. The final consolidation ratio will be determined by the new board of directors but will not exceed a ratio of one post-consolidation common share for every 40 pre-consolidation common shares.

**Proposed Management and Board Structure**
Upon closing of the Transaction, the Company's board of directors is expected to comprise the following individuals:

- Ryan Bazant (Chairman)
- Rob Geremia
- Kelly Hanczyk
- Theodore Manziaris
- Shailen Chande

The senior management team will include Rob Geremia as Chief Executive Officer and Corporate Secretary and Jon Cahoon as Chief Financial Officer, with Mr. Cahoon's services provided through Brava Development Corp., where he is Vice President of Finance.

**Financial Information of Real Property Assets**

The following table provides selected financial information for the three properties as of June 30, 2024:

| **Property** | **Total Assets** | **Total Liabilities** | **Total Revenues** | **Net Income and Comprehensive Income** |
|---|---|---|---|---|
| Nimmons | $45,841,000 | $31,798,000 | $989,000 | $539,000 |
| Cunningham | $21,060,000 | $14,001,000 | $74,000 | $5,088,000 |
| Wilderness Ridge | $21,503,000 | $15,584,000 | $462,000 | $539,000 |

These figures provide an overview of the financial condition and operating performance of the Real Property Assets as of the reporting date. The Company anticipates that the acquisition of these properties will add significant value to its asset base, enhancing the potential for long-term shareholder returns.

**Forward-Looking Information and Risks**

This section contains forward-looking information regarding the Company's intentions for the Transaction, including consideration amounts, share issuance, and the concurrent private placement. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the risk tha t required approvals, including those from the TSXV and applicable securities regulators, may not be obtained or may be delayed, and the risk that the concurrent private placement may not raise the anticipated amount.

The Company will continue to provide updates on the progress of the Transaction and any material developments affecting its completion.

## Other Information

Additional information relating to the Company is available under the Company's profile on SEDAR at www.sedar.com.

## Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.