# WHITEWATER ACQUISITION CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**FOR THE SIX MONTHS ENDED NOVEMBER 30, 2021**

This discussion and analysis of financial position and results of operation is prepared as at January 26, 2022 and should be read in conjunction with the unaudited condensed interim financial statements and the accompanying notes for the six months ended November 30, 2021 of Whitewater Acquisition Corp. ("Whitewater" or the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management's discussion and analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

**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 the Company's current beliefs and are based on information currently available to the Company. These statements require the Company 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 the Company's our control. Examples of such forward-looking statements in this MD&A include, but are not limited to, the Company's 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: the Company's ability to obtain necessary financing to complete a Qualifying Transaction; the Company's ability to satisfy conditions under any acquisition agreement for a Qualifying Transaction; and meeting the conditions of the TSX Venture Exchange ("TSXV") 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.

**Company Overview**

The Company was incorporated on April 21, 2021 under the laws of British Columbia. On October 20, 2021 the Company completed an initial public offering of 2,500,000 common shares at $0.10 per share for gross proceeds of $250,000 (the "IPO") and the Company was classified as a Capital Pool Company ("CPC"). The Company's common shares were listed on October 20, 2021 and commenced trading on the TSXV on October 22, 2021 under the trading symbol "WWA.P". The principal business of the Company is the identification and evaluation of assets or a business (the "Qualifying Transaction") 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 records and registered and head office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

As a CPC, the Company's business objective is to identify and evaluate assets or businesses with a view to potential acquisition or participation by completing a Qualifying Transaction, as defined in TSXV Policy 2.4 subject, in certain cases, to shareholder approval and acceptance by the TSXV. The Company has not commenced operations and has no assets other than cash. The Company's continued operations are dependent upon its ability to successfully identify, evaluate and negotiate an agreement to acquire an interest in a sustainable/viable business operation. There is no assurance that the Company will identify a business or asset that warrants acquisition or participation, and/or will be able to obtain the financing necessary to support a new business acquisition.

The Company is actively reviewing business and acquisition opportunities.

## Selected Financial Data

The following selected financial information is derived from the unaudited condensed interim financial statements of the Company.

| | **Fiscal 2022** | | **Fiscal 2021** |
|---|---|---|---|
| | **Three Months Ended November 30, 2021 $** | **Three Months Ended August 31, 2021 $** | **Period from April 21, 2021 (Incorporation) to May 31, 2021 $** |
| **Operations:** | | | |
| Revenues | Nil | Nil | |
| Expenses | (73,813) | (2,289) | (7,783) |
| Other items | 688 | 544 | Nil |
| Net income (loss) | (73,125) | (1,745) | (7,783) |
| Basic income (loss) per share | (0.01) | (0.00) | (0.06) |
| Dividends per share | Nil | Nil | Nil |
| **Balance Sheet:** | | | |
| Working capital | 402,200 | 240,985 | 247,217 |
| Total assets | 473,804 | 336,689 | 255,034 |
| Total long-term liabilities | Nil | Nil | Nil |

The Company was incorporated on April 21, 2021 and accordingly there are no comparative figures for the three or six months ended November 30, 2020.

## Results of Operations

*Three Months Ended November 30, 2021 Compared to Three Months Ended August 31, 2021*

During the three months ended November 30, 2021 ("Q2") the Company reported a net loss of $73,125 compared to a net loss of $1,745 for the three months ended August 31, 2021 ("Q1"), an increase in loss of $71,380 due to $10,000 corporate finance fee incurred with the Company's agent, recognition of $45,000 for share-based compensation on share options grants, $8,200 for audit services and a general increase in general and administrative expenses as a public company.

*Six Months Ended November 30, 2021*

During the six months ended November 30, 2021 (the "2021 period") the Company reported a net loss of $74,870. Significant expenses incurred during the 2021 period were as follows:

(i) share-based compensation of $45,000 on the granting of stock options;
(ii) corporate finance fee of $10,000; and
(iii) total audit, accounting and administration fees of $14,000.

## Financial Condition / Capital Resources

As at November 30, 2021 the Company had working capital of $402,200 which includes $250,000 raised from the completion of the Company's IPO on October 20, 2021. The Company considers that it has adequate resources to maintain current levels of corporate administration for the next twelve months and to actively pursue and review business and acquisition opportunities.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

**Proposed Transactions**

The Company has no proposed transactions.

**Transactions with Related Parties**

During the six months ended November 30, 2021 the Company incurred:

(i) $5,800 with Chase Management Ltd. ("Chase"), a private corporation owned by a director of the Company, for accounting and administrative services provided by Chase personnel, excluding the director. As at November 30, 2021 $3,200 (May 31, 2021 - $1,600) remained unpaid and was included in accounts payable and accrued liabilities; and

(ii) $59,000 with Maxis Law Corporation ("Maxis"), of which a director of the Company is a partner of Maxis, for legal services recorded in share issue costs or legal expense. As at November 30, 2021 $59,000 (May 31, 2021 - $5,841) remained unpaid and was included in accounts payable and accrued liabilities.

**Financial Instruments and Risk Management**

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. The type of risk exposure and the way in which such exposure is managed is provided as follows:

*Market Risk*

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

(a) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at November 30, 2021 the Company was not exposed to currency risk.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rates. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

(c) Price Rate Risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Management closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Given the Company's limited market exposure at this time it has assessed there to be a low level of price rate risk.

*Credit Risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At November 30, 2021, the Company has no sources of revenue but has a cash balance of $467,963 (May 31, 2021 - $245,034) to settle current liabilities of $71,604 (May 31, 2021 - $7,817). As such, management feels the Company has sufficient cash to fund corporate overhead costs for the next year. The Company's exposure to liquidity risk is currently negligible.

*Fair Value Measurements*

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 Delete Duplicate asset or liability either directly or indirectly, and
- Level 3 - Inputs that are not based on observable market date.

As at November 30, 2021, the Company's financial instruments consist of cash and accounts payable and accrued liabilities. Cash is classified as FVTPL. Accounts payable and accrued liabilities are classified as amortized cost. The fair value of cash is based on Level 1 inputs. The fair value of accounts payable and accrued liabilities approximate its carrying value because of its short-term nature.

**Changes in Accounting Policies**

There were no changes in accounting policies.

**Outstanding Share Data**

The Company's authorized share capital is unlimited common shares and without par value. As at January 26, 2022 there were 8,100,000 issued and outstanding common shares, 250,000 warrants outstanding with an exercise price of $0.10 per share and 750,000 share options outstanding with an exercise price of $0.10 per share.