

**Spirit Banner Capital Corp.**  
**Management Discussion and Analysis**  
**For the Period Ended December 31, 2017**

**April 23, 2018**

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Spirit Banner Capital Corp. prepared for the period from incorporation (June 5, 2017) to December 31, 2017 should be read in conjunction with the Corporation’s audited financial statements for the period ended December 31, 2017. All figures contained in this MD&A are presented in Canadian dollars.

**Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

**The Corporation**

The Corporation was incorporated under the Canada Business Corporations Act on June 5, 2017 and is classified as a Capital Pool corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”).

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Corporation has not commenced operations and has no assets other than cash. The Corporation’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.

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The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to the lesser of 30% of the gross proceeds realized by the Corporation in respect of the sale of its securities or \$210,000, may be used for purposes other than evaluating businesses or assets. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the TSX Venture. The Corporation is required to complete its QT on or before two years from the date the Corporation receives regulatory approval.

On June 5, 2017 the Corporation issued 2,210,780 common shares at \$0.05 per share for total proceeds of \$110,539.

On September 20, 2017, the Corporation issued 6,820,000 common shares at \$0.05 per share for total proceeds of \$341,000.

The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange. 10% of the escrowed Common Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the "Initial Release") and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

All common shares acquired on exercise of stock options granted to directors and officers prior to the completion of a Qualifying Transaction, must also be deposited in escrow until the final exchange bulletin is issued.

All common shares of the Corporation acquired in the secondary market prior to the completion of a Qualifying Transaction by a Control Person, as defined in the policies of the Exchange, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be escrowed.

The registered office of the Corporation is located at 1015-4<sup>th</sup> Street SW, Suite 730, Calgary, Alberta T2R1J4. The head office of the corporation is located at Suite 400, 90 Adelaide Street West, Toronto, Ontario M5J 4A6.

On April 23, 2018 the Board of Directors approved the audited annual financial statements for the period ended December 31, 2017.

### **Subsequent Events**

Filing of prospectus:

The Corporation filed its prospectus and raised \$1,000,000 by an initial public offer of 10,000,000 common shares and began trading on the Exchange.

Pursuant to an agency agreement, the Agent received 10% of the gross proceeds of the offering as well as compensation options to acquire up to 10% of the number of offered shares sold under the offering at a price of \$0.10 per common share, exercisable for a period of 24 months from the date of listing of the Corporation's common shares on the Exchange. The Company incurred \$77,578 for other legal and filing costs on closing.

In addition, the Corporation granted, stock options to the directors and officers to purchase, in aggregate 1,903,078 common shares, at a Price of \$0.10 per common shares, exercisable for a period of five years from the date of the grant.

### **Summary of Quarterly Results**

	<b>December 31, 2017</b>	<b>September 30, 2017</b>	<b>June 30, 2017</b>
Total Assets	\$415,617	\$425,597	\$96,491
Total Revenues	nil	nil	nil
Total Expenses	\$63,979	\$10,394	\$49
Net Loss	(\$63,979)	\$(10,394)	\$(49)
Basic and diluted net loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)

### **Quarterly Results of Operations**

#### *Three months ended December 31, 2017*

The Corporation recorded a net loss of \$63,979 during the three months ended December 31, 2017. The net loss for the three-month period ended December 31, 2017, is due mainly to professional fees and costs in relation to its listing on the Exchange.

## **Annual Results of Operations**

*For the period from incorporation (June 5, 2017) to December 31, 2017*

The Corporation recorded a net loss of \$74,422 for the period from incorporation (June 5, 2017) to December 31, 2017. The net loss is due mainly to professional fees and costs in relation to its listing on the Exchange.

### **Additional Disclosure for Venture Issuers without Significant Revenue**

Since the Corporation has no revenue from operations, the following is a breakdown of the material costs incurred in the period from the date of incorporation (June 5, 2017) to December 31, 2017:

<b>Material Costs</b>	<b>Period from June 5, 2017 (date of incorporation) To December 31, 2017</b>
Professional fees	\$64,250
Filing fees	\$9,809
Bank fees	\$363

### **Liquidity and Capital Resources**

As at December 31, 2017, the Corporation had cash of \$415,617 resulting in total assets of \$415,617. The Corporation had current liabilities of \$64,000 and working capital of \$351,617.

Negative cash flow of \$10,422 were recorded from operating activities from the date of incorporation (June 5, 2017) to December 31, 2017. This is primarily due to outflows relating to filing fees and professional fees.

### **Outstanding Share Data**

The Corporation is authorized to issue an unlimited number of common shares. Each common share entitles the holder to one vote at all meetings of shareholders and represents an interest in dividends declared by the Corporation and an undivided interest in the net assets of the Corporation. As at the date of this MD&A, the Corporation has 19,030,780 common shares outstanding.

The Corporation's common shares commenced trading on the TSX Venture Exchange on February 27, 2017 under the trading symbol "SBCC.P".

### **Off-Balance Sheet Arrangements**

The Corporation has not had any off-balance sheet arrangements since incorporation to the date of this MD&A.

### **Related Party Transactions**

Related parties include the Board of Directors, close family members and enterprises which are controlled by these individuals as well as persons performing similar functions.

There was no remuneration paid to key management personnel during the period ended December 31, 2017.

### **Capital Management**

The Corporation'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 Corporation includes equity, comprised of share capital, contributed surplus and deficit, in the definition of capital.

The Corporation'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 Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Corporation. These restrictions apply until completion of a Qualifying Transaction by the Corporation as defined under the Exchange policy 2.4.

### **Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust and due to shareholder approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

### **Critical Accounting Estimates**

The Corporation's significant accounting policies are summarized in Note 2 to the audited

financial statements for the period ended December 31, 2017.

### **Future Changes in Accounting Policies**

The following standards have been issued but are not yet effective:

- IFRS 9 – Financial Instruments

The Corporation is currently evaluating the impact of the above standard on its financial performance and financial statement disclosures but expects that such impact will not be material. There are additional new standards that have not been discussed as they are not expected to impact the Corporation.

### **Additional Information**

For further detail, see the Corporation's audited financial statements for the period ended December 31, 2017. Additional information about the Corporation can also be found on SEDAR.