

DLC HOLDING CORP. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Dated: April 30, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The following Management Discussion and Analysis ("MD&A") reports on the operating results, financial condition and business risks of DLC Holdings Corp. ("DLC" or the "Company") and is designed to help the reader understand the results of operations and financial condition of the Company as at and for the three and year ended December 31, 2018.

This MD&A should be read in conjunction with the:

- Craven House Industries Limited's audited consolidated financial statements for the years ended December 31, 2017 and 2016 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the European Union ("EU");
- Ceniako Ltd's audited consolidated financial statements for the years ended December 31, 2017 and 2016 and the notes thereto which were prepared in accordance with IFRS as issued by the EU; and
- DLC Holding Corp.'s audited consolidated financial statements for the years ended December 31, 2018 and 2017 and the notes thereto which were prepared in accordance with IFRS as issued by the International Accounting Standard Board ("IASB").

The listed documents are collectively referred to as the "Financial Statements". Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a 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 was made, with respect to the period covered by these filings. These Financial Statements together with the other financial information included in these filings 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 in this filing. The Board of Directors' approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing. The Board of Directors has approved the Financial Statements and MD&A, as well as ensured that management has discharged its financial responsibilities as at April 30, 2019.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. 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. These forward looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings
- The Company's strategies and objectives
- The Company's cost reductions and other financial operating objectives
- General business and economic conditions
- The Company's ability to meet its financial obligations as they become due
- The positive cash flows and financial viability of its operations
- The Company's ability to manage growth
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company

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Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this document are made as of the date of this MD&A.

CORPORATE OVERVIEW

The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 25, 2011 and is listed for trading on the TSX Venture Exchange ("Exchange") under the symbol DLC. The Company's head office address is 1620 – 609 Granville Street, Vancouver, British Columbia, Canada V7Y 1C3 and its registered and records office address is 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

On April 24, 2018, the Company completed its acquisition of 60.5% of the issued and outstanding share capital of Ceniako Ltd. ("Ceniako"), a private corporation duly incorporated under the laws of Cyprus and 100% of the issued and outstanding share capital of Craven House Industries Ltd. ("Craven House"), a private corporation duly incorporated under the laws of Ireland; a transaction which constituted a Reverse Takeover under the policies of the TSX Venture Exchange.

The Company issued 28,902,045 Series B Preferred Shares to acquire 60.5% of Ceniako and 35,845,252 Series B Preferred Shares to acquire 100% of Craven House. After completion of the transaction, the shareholders of Ceniako and Craven House held approximately 76.5% of the common and preferred shares of the Company.

Through the acquisition, DLC now controls c.2,500 hectares of land and c.10km of water-front and direct beach-front real estate facing the South Atlantic Ocean in the Bahia province of Brazil. Additionally, the Company owns a substantial macadamia processing facility in South Africa.

In connection with the Reverse Takeover outlined above, DLC has entered into a loan facility, under which the Company has been provided with a loan of \$817,767, of which \$386,280 was repaid in the period, from KwikBuild Corporation Ltd, a company related to Craven House. The loan facility holds a senior secured position, bears an interest rate of 5% and has a term of five years.

Overall Performance

The Company's investments in Craven House and Ceniako represent holdings in real property. Accordingly, changes to fair value and capital appreciation are anticipated to be on a long-term horizon. The Company prepares valuations with reference to reports provided by professional, independent third-party valuers. Fair value is assessed at each reporting period with indicators of changes to market fundamentals reviewed on an ongoing basis. Management anticipates moderated adjustments as land tenure is robust in its current ownership jurisdictions. Fair value adjustments in the year ended December 31, 2018 relate to the depreciating value of buildings on the macadamia facility in South Africa.

OUTLOOK

DLC's strategy is to further its investment in agricultural land and in the food processing industry.

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SELECTED ANNUAL INFORMATION

The Company provides the following annual information for the historic periods to be presented pursuant to accounting for a Reverse Takeover. The financial information reflects the historic results of Craven House and Ceniako as a continuing entity as if they had been operating as a consolidated entity from an inception date of January 1, 2017. The non-controlling interest (39.5%) in Ceniako has been presented as an existing position in the historical accounts of the financial statements.

	December 31, 2018	December 31, 2017
Loss	\$ (5,934,646,953.11)	\$(1,420,780,861,776)
Comprehensive income (loss)	\$ (5,338,624,534.61)	\$ 191,444,451,843
Loss per share	\$ (0.09)	\$ (0.06)
Total assets	\$ 17,800,476	\$ 17,847,358
Total liabilities	\$ 1,453,349,201.95	\$ 414,633,154,233

The significant investment assets as of December 31, 2017 and 2018 represent the investment holdings of Craven House and Ceniako:

Investments of Craven House represent part ownership of the share capital of the following companies:

1. 50.1% - Finishtec Acabamentos Tecnicos Em Metais Ltda – ME (Brazil); and
2. 99.9% - Universal Properties Brasil Administracao de Imoveis Ltda (“UPBAI” Brazil).

The subsidiary UPBAI in turn own approximately 500 hectares of land in Bahia, Brazil. The land is suitable for the cultivation of macadamias and coconuts. It presently has no operations. Additionally, Craven House owns directly a plot of land in Salta, Argentina.

Investments of Ceniako represent ownership of 100% of the issued and outstanding share capital Woodford Empreendimentos Imobiliarios LTDA (Brazil). This subsidiary in turn own approximately 2,000 hectares of land in Bahia. The land is suitable for the cultivation of macadamias and coconuts. It is presently has no operations.

SUMMARY OF QUARTERLY RESULTS

The Company provides the following annual information for the historic periods to be presented pursuant to accounting for a Reverse Takeover. The financial information reflects the historic results of Craven House and Ceniako as a continuing entity as if they had been operating as a consolidated entity from an inception date of January 1, 2017. The non-controlling interest (39.5%) in Ceniako has been presented as an existing position in the historical accounts of the financial statements. The financial operations of DLC are consolidated as of the RTO date of April 24, 2018. The following information is unaudited.

UNAUDITED	December 31, 2018	September 30, 2018	June 30, 2018	March 31, 2018
Interest and other income	\$ 9,708	\$ (25,365)	\$ 50,851	\$ -
Net income (loss) for the period	(1,928,624,194.089)	44,818	(3,870,060)	(180,780)
Comprehensive income (loss) for the period	(1,232,142,241.174)	(372,185)	(4,507,448)	773,151
Basic and diluted income (loss) per share	(0.02)	0.00	(0.06)	(0.00)

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UNAUDITED	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Interest and other income	\$ -	\$ -	\$ -	\$ -
Net income (loss) for the period	(480,860) <u>221,856</u>	-	(519,263)	(120,657)
Comprehensive income (loss) for the period	(31,143) <u>229,257</u>	(167,830)	204,820	185,597
Basic and diluted income (loss) per share	(0.02)	(0.00)	(0.03)	(0.01)

Prior to April 24, 2018, the loss and comprehensive income (loss) reflect the consolidated activities of Craven House and Ceniako. Craven House and Ceniako are inactive with the financial results reflecting foreign exchange adjustments applied to investment holdings and minor administrative expenses. The significant loss in the year ended December 31, 2018 includes a non-cash listing expense of \$4,253,684 which is a valuation of the Reverse Takeover consideration.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018

The Company incurred a loss of \$1,928,624 1,947,087 in the three months ended December 31, 2018 compared to a loss of \$480,860 221,856 for the three months ended December 31, 2017.

As a result of the acquisition of DLC by Ceniako and Craven House shareholders, the operations of DLC have been incorporated into the financial results of the Company as of April 24, 2018. This generated expenses related to the public entity, DLC, being insurance expense, general and administrative expenses and management fees of \$37,858. Additionally, the interest expense of \$11,320 relates to debt instruments acquired under the Reverse Transaction being a promissory note, long term loan and the KwikBuild Loan.

In the three months ended December 31, 2018, the Company recorded a fair value adjustment expense of \$3,199 (2017 - \$Nil) to account for the depreciating value of buildings on the macadamia facility in South Africa.

In the three months ended December 31, 2018, the Company recorded a foreign exchange loss of \$1,785,465 (2017 – loss of \$344,013). The foreign exchange recorded is largely attributable to the end of period adjustment of the Company's investments in subsidiaries which are held in Brazil and tangible assets held in Argentina to current rates.

In the three months ended December 31, 2018, the Company recorded a loss on marketable securities of \$211,686 (2017 - \$Nil) of which \$52,730 was realized on the sale of marketable securities and \$158,956 was unrealized and related to the mark to market of the Company's marketable securities holdings.

In the three months ended December 31, 2018, the Company recorded a currency translation adjustment gain of \$696,482 705,915 (2017 – \$449,718 451,113) due to the translation of the Company's entities with foreign functional currencies to the Company's presentation currency of Canadian dollars.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2018

The Company incurred a loss of \$5,934,646 5,953,111 in the year ended December 31, 2018 compared to a loss of \$1,120,789 861,776 for the year ended December 31, 2017.

In the year ended December 31, 2018, the Company incurred a non-cash listing expense of \$4,253,684 which is a valuation of the Reverse Takeover consideration issued in common and preferred shares. This is a non-recurring item without comparison.

As a result of the acquisition of DLC by Ceniako and Craven House shareholders, the operations of DLC have been incorporated into the financial results of the Company as of April 24, 2018. This generated expenses related to the public entity, DLC, being insurance expense, general and administrative expenses and management fees of \$62,975. Additionally, the interest expense of \$31,938 relates to debt instruments acquired under the Reverse Transaction being a promissory note, long term loan and the KwikBuild Loan.

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In the year ended December 31, 2018, the Company recorded a fair value adjustment expense of \$8,964 (2017 - \$Nil) to account for the depreciating value of buildings on the macadamia facility in South Africa.

In the year ended December 31, 2018, the Company recorded a foreign exchange loss of \$1,545,351 (2017 - \$979,653). The foreign exchange recorded is largely attributable to the end of period adjustment of the Company's investments in subsidiaries which are held in Brazil and tangible assets held in Argentina to current rates.

In the year ended December 31, 2018, the Company recorded other income of \$12,060 (2017 - \$Nil) related to incidental income on DLC's macadamia facility in South Africa and investment income of \$23,134 (2017 - \$Nil) generated on dividend and investment income from the Company's marketable securities.

In the year ended December 31, 2018, the Company recorded a loss on marketable securities of \$161,286 (2017 - \$Nil) of which \$48,962 was realized on the sale of marketable securities and \$112,323 was unrealized and related to the mark to market of the Company's marketable securities holdings.

In the year ended December 31, 2018, the Company recorded a currency translation adjustment gain of ~~\$596,022~~605,455 (2017 - ~~\$1,312,224~~1,313,619) due to the translation of the Company's entities with foreign functional currencies to the Company's presentation currency of Canadian dollars.

LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital as consisting of the components of shareholder's equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to manage the cost of capital at acceptable levels of risk.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at December 31, 2018, the Company is not subject to any externally imposed capital requirements or debt covenants.

The Company has the following long-term debt instruments as at December 31, 2018:

Promissory note

The Company has issued a promissory note of \$157,500 due to a company controlled by the Company's CEO. The promissory note bears interest at rate of 6%, is due on November 7, 2019 and is unsecured. As at December 31, 2018, the promissory note has accrued interest of \$20,298.

Related Party Loans

The Company has issued loans of \$128,706, due to a company controlled by the Company's CEO ("Related Party Loans"). The Related Party Loans bear interest at a rate of 6%, are due on December 1, 2019 and are unsecured. As at December 31, 2018, there is \$141,699 owing (principal and interest) to this related company.

Related Party Loans	Principal	Interest	Total
Balance, December 31, 2016 and 2017	\$ -	\$ -	\$ -
Acquired with DLC	115,374	13,332	128,706
Interest expense	-	4,007	4,007
Foreign exchange	<u>3,653</u>	<u>5,333</u>	<u>8,986</u>
Balance, December 31, 2018	\$ 119,027	\$ 22,672	\$ 141,699

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KwikBuild Loan

In conjunction with the RTO transaction, DLC entered into a loan facility, under which the Company was provided with a loan of USD\$643,077 from KwikBuild Corporation Ltd, a subsidiary of Craven Industrial Holdings PLC (“KwikBuild Loan”). The KwikBuild Loan holds a senior secured position, bears an interest rate of 5% and has a term of five years. This is a related party transaction as the Company has directors in common with Craven Industrial Holdings PLC.

KwikBuild Loan	Principal	Interest	Total
Balance, December 31, 2016 and 2017	\$ -	\$ -	\$ -
Acquired with DLC	817,767	7,172	824,939
Repayment	(386,280)		(386,280)
Interest expense	-	17,110	17,110
Foreign exchange	28,911	1,170	30,081
Balance, December 31, 2018	\$ 460,398	\$ 25,452	\$ 485,850

The Company incurred a comprehensive loss of \$5,338,624 for the year ended December 31, 2018 (2017 – income of \$191,444). During the year ended December 31, 2018, the Company’s operations generated net cash of \$35,057 for the period (2017 - \$Nil). With the execution of the Reverse Takeover, the Company assumed cash of \$696,282 held by DLC. Subsequent to the Reverse Takeover, the Company repaid \$386,280 on the KwikBuild Loan. In the year ended December 31, 2018, the Company purchased marketable securities totaling \$555,393 and realized proceeds on sale of \$248,349. The Company did not have cash balances or cash transactions prior to the Reverse Takeover on April 24, 2018. These activities resulted in an overall balance of \$55,041 in cash and cash equivalents as at December 31, 2018.

At December 31, 2018, the Company has a working capital deficit of \$48,968. Additional draw-downs are available under the KwikBuild loan facility described above to meet working capital working needs as required and Management therefore believes that the Company likely has sufficient funds from which to fund on-going operating requirements for the near term. The Company has a history of losses and has accumulated a deficit of \$9,139,164 as at December 31, 2018.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, the consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

OFF-BALANCE SHEET ARRANGEMENT

The Company currently has no off-balance sheet arrangement.

RELATED PARTY TRANSACTION

Key Personnel Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company’s Board of Directors and corporate officers. The remuneration of directors and key management personal during the years ended December 31, 2018 and 2017 are as follows:

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Type of Service	Nature of Relationship	2018	2017
Management fees	Emprise Capital Corp., a company with an officer in common	\$ 42,976	\$ -

The following details amounts due to related parties:

Type of Service	Nature of Relationship	December 31, 2018	December 31, 2017
Management fees	Desmond Holdings Ltd., a company owned by the CEO	\$ 19,911	\$ -
Management fees	Emprise Capital Corp., a company with an officer in common	99,844	-
Loan, unsecured non-interest bearing	92 Spring LLC, director in common	<u>27,284</u>	<u>-</u>
		\$ 147,039	\$ -

Balances are due on demand and unsecured.

In addition to the balances above, a promissory note (\$177,798), Related Party Loans (\$141,699), and KwikBuild Loan (\$485,850) are due to related parties.

Other income recorded on the statement of loss and comprehensive loss derives from lease income in South Africa which was received from a related party company.

The RTO was a related party transaction as the Company has directors in common with the vending private companies of Ceniako and Craven House.

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions other than as disclosed elsewhere in this document.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The key areas of judgment applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

Investment entities

The Company has judged that certain of its controlled subsidiaries qualify as investment entities. The primary functions of the private companies owned by Ceniako and Craven House was judged to be consistent with the requirements of the investment entity exemption under IFRS 10 *Consolidated financial statements*. Specifically, those entities have the specific function of providing returns on a capital appreciation basis and are evaluated by management on a fair value basis.

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Determination of functional currency

The functional currency of each of the subsidiaries and the Company were assessed to determine the economic substance of the currency in which each entity performed its operations. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

Going concern

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

The key areas of estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

Valuation of RTO consideration

Pursuant to the guidance of IFRS 3, the fair value of the equity of the accounting acquirer is used to measure the consideration transferred for its interest in the accounting acquiree unless the equity interests of the accounting acquiree are more reliably measured. Management determined that the fair value measurements of the accounting acquirers', being Ceniako and Craven House, investments provided a basis for a more reliable fair value measurement of the consideration transferred. This entailed reliance on estimates with respect to the investments of Ceniako and Craven House to provide the fair value of the net assets of the accounting acquirers. The valuation of the net assets provided a residual fair value per equity instrument of the accounting acquirers estimated to be \$0.21 per share.

Valuation of investments

The Company recognizes its tangible assets and investment in subsidiaries at fair value. The material composition of these assets is land in Brazil. The Company therefore engages third party valuers to provide periodic valuations of those holdings. These valuations are determined using level 3 inputs which involve considerable estimates as the inputs used to value these financial instruments are based on unobservable market data. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable market data is not available. Between third party valuations, management reviews assumptions and market conditions, including any impact of political or legal risk of foreign jurisdictions, to adjust fair value estimations. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

Deferred income tax

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

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Impairment of long lived assets

The carrying value of long lived assets is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in the consolidated statement of loss. The assessment of fair values, including those of the cash generating units (the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflow from other assets or groups of assets – “CGUs”) for purposes of impairment testing, require the use of estimates and assumptions for discount rates, foreign exchange rates, future capital requirements and operating performance. Changes in any of the assumption or estimates used in determining the fair value of long lived assets could impact the impairment analysis.

ADOPTION OF NEW ACCOUNTING STANDARDS

As the first set of financial statements published by the Company following the Reverse Transaction, the Company has published a full set of accounting policies for the Company in the consolidated financial statements for the year ended December 31, 2018. All policies have been adopted consistently across the periods presented.

Standards issued or amended but not yet effective

IFRS 16 Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation and disclosure of leases, including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases, as is required by IAS 17 *Leases*, and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's consolidated financial statements is not anticipated to be material.

IFRIC 23 Uncertainty Over Income Tax Treatments

IFRIC 23 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. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

FINANCIAL INSTRUMENTS

Financial instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Financial instruments by category	Fair value through profit or loss		Amortized cost	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
<i>Financial assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ 55,041	\$ -
Receivables	-	-	32,440	1,573
Marketable securities	260,154	-	-	-
Investment in subsidiaries	16,460,359	17,387,884	-	-
	16,720,513	17,387,884	87,481	1,573

Continued...

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...continued

Financial liabilities

Accounts payable and accrued liabilities	\$	-	\$	-	\$	145,594	\$	60,911
Balances due to broker		103,970		-		-		-
Due to related parties		-		-		147,039		-
Promissory note		-		-		177,798		-
Loans		-		-		627,549		-
	\$	103,970	\$	-	\$	1,097,980	\$	60,911

The Company considers that the carrying amount of financial instruments carried at amortized cost to approximate their fair value due to the short term nature of the financial instruments.

Financial instruments measured at FVPL	Level 1		Level 3	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Marketable securities	\$ 260,154	\$ -	\$ -	\$ -
Investment in subsidiaries	-	-	16,460,359	17,387,884
Balance due to broker	(103,970)	-	-	-

Financial risk factors

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty 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 and cash equivalents and receivables. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents with high-credit quality financial institutions. The Company considers the risk of financial loss on cash and cash equivalents to be remote. The Company's receivables consist materially of GST input tax credits recoverable from the government of Canada and a receivable from a related party. The Company considers credit risk with respect to these amounts to be low.

The Company has not offset any financial assets and financial liabilities in the statement of financial position..

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 risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2018, the Company had working capital deficit of \$48,968 (2017 – \$59,338).

Balances due to broker are supported by the Company's investment in marketable securities. The extension of margin by the broker is limited to 25% of the value of the Company's investment in marketable securities. The ability of the Company to settle balances due to broker may be impacted by significant changes in the value of its investment in marketable securities. Marketable securities may be subject to significant volatility relative to the overall equity market and volatility of the specific securities held. The liquidity of the marketable securities is subject to the characteristics of the individual equities and may or may not be immediately convertible to cash.

The Company's ability to finance its future operating requirements is significantly dependent on the Company's ability to achieve economic returns on its investments. Without these returns, the Company will remain dependent upon the continued financial support of its debtors and shareholders. The Company, as at December 31, 2018, is significantly exposed to liquidity risk.

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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. The Company does not have a practice of trading derivatives.

a) Interest rate risk

The Company's financial asset exposed to interest rate risk consists of cash and cash equivalents. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company does not anticipate interest income on cash to contribute significantly to the operations and returns of the Company and is therefore minimally exposed to interest rate risk on assets.

Interest rates on debts payable are set at fixed rates reducing the Company's exposure to interest rate changes.

b) Foreign currency risk

The Company's investments and assets are located in a number of jurisdictions and therefore exposed to the currency movements of a number of currencies. In addition to the functional currencies of the Company and its subsidiaries, the Company is also exposed to the Brazilian Real and Argentinean Peso on its non-monetary investments which is the jurisdiction of the investments in the unconsolidated subsidiaries of Craven House and Ceniako.

As at December 31, 2018, the Company's net foreign denominated monetary financial instruments are as follows:

	Foreign currency		Canadian dollar equivalent
US dollar	US\$	(313,759)	\$ (428,030)
Euro	€	(42,645)	\$ (66,582)
South African Rand	R	474,414	\$ 44,975

A fluctuation of 10% of the above note currencies against the Canadian dollar would have had an impact of \$44,965 on the net loss for the year.

c) Other price risk

The Company's marketable securities is comprised of individual equities in publicly traded companies. The portfolio is not diversified against geography or industry and is therefore subject to fluctuations in equity markets as well as volatility in individual underlying equities. The Company's exposure to other price risk is assumed to be the value of the marketable securities which are held at FVPL. The Company does not have a specific policy with respect to investment or portfolio requirements.

**DLC HOLDING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SHARE CAPITAL

Authorized:

Unlimited number of common shares without par value.

Unlimited number of Class A Preferred Shares without par value.

- Convertible on a 1 for 1 basis to common shares.

Unlimited number of Class B Preferred Shares without par value.

- Entitled to one vote per Class B Preferred Share at meetings of the shareholders of the Company;
- Entitled to participate on a per share basis with the common shares in respect of any declaration of dividends on the common shares and any distribution on the common shares upon the liquidation, winding-up or dissolution of the Company; and
- Convertible, at the election of the Company, on a one-for-one basis into common shares.

Issued and outstanding:

Issued and outstanding	April 30, 2019	December 31, 2018	December 31, 2017
Common shares	29,033,375	29,033,375	15,356,675
Class A Preferred Shares	4,545,455	4,545,455	4,545,455
Class B Preferred Shares	51,071,397	51,071,397	-

Escrow shares:

The Class B Preferred Shares issued in relation to the RTO on April 24, 2018 and any common shares issued resulting from the conversion of these Class B Preferred Shares are at the election of the holder and subject to Policy 2.1 of the Exchange and standard escrow release provisions as follows:

Escrow Release Date	Shares To Be Released
April 24, 2018 (released)	728,617
November 24, 2018 (released)	1,781,705
April 24, 2019 (released)	9,712,215
November 24, 2019	9,712,215
April 24, 2020	9,712,215
November 24, 2020	9,712,215
April 24, 2021	9,712,215
Total shares under escrow	51,071,397

Stock Options:

The Company has a stock option plan under which it is authorized to grant to executive officers and directors, employees and consultants stock options enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

DLC HOLDING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2018

RISKS AND UNCERTAINTIES

Foreign Operations

All or substantially all of the Company's assets are located in Brazil, South Africa and Argentina, and as a result, the Company's operations are exposed to various levels of political, social, economic, and other risks and uncertainties associated with operating in foreign jurisdictions. These risks and uncertainties include, but are not limited to: changing and unstable political, social and financial conditions, war, terrorism, civil disputes, protests, riots, insurrection, labour unrest, corruption, robbery, production and price controls, import or export controls, currency exchange and currency transfer controls, currency remittances, changes in taxation, government regulations and policies that may restrict employment and the supply of goods and services to citizens and other specific groups, arbitrary nullification of existing licenses, concessions, permits, contracts and other property rights, arbitrary mandates to address shifts in political, social and financial policies and attitudes that directly or indirectly affect the Company's business operations, financial condition or prospects, nationalism and isolationism, trade embargoes, higher rates of inflation, unstable monetary policies, unstable foreign exchange rates and uncertainties with respect to local legal system and respect of the rule of law. The occurrence of or adverse change in these or similar matters will likely have an adverse effect on the business, operations, financial condition of the Company, including but not limited to the loss, destruction, damage and injury to property and personnel, an impairment, reduction, cessation of operations, the loss of potential opportunities, increased costs and inefficiencies and reduced financial results and flexibility. In addition, failure to comply with anti-corruption and anti-bribery legislation of Canada and other jurisdictions may result in significant fines, penalties and other sanctions.

Agricultural Business

The Company's assets are tied to agricultural industry and commodity prices and are therefore exposed to a high degree of risk, often characterized by potential disruption that could result in total crop failure, seasonal windows, perishable inventories, commodity pricing and low margins which require economies of scale and efficiencies for optimal results. In particular, small changes in commodity pricing can have disproportionate effects on profitability and financial results. This pricing, seasonality and variability can impact the Company's return on agricultural investments.

Disruptions

The Company will be subject to both natural and man-made disruptions to agricultural operations, including but not limited to drought, storms, frost and other adverse weather conditions, fires, floods, insect swarms, pestilence, crop failure and other acts of God, industrial accidents, strikes, lock-outs, labour shortages, power shortages, fuel shortages, title or access disputes, including aboriginal or native disputes, wars, terrorism, civil disputes, protests, riots, insurrection, governmental regulations or requirements restricting or otherwise adversely altering free market or normal operations and other adverse events or occurrences beyond the control of the Company or operators. These or similar matters may have a direct impact on farming operations which provide the Company inputs but may also have an indirect impact on other aspects of the agricultural business such as transportation, storage, food processing and distribution, marketing and sales efforts, monetary payments. The occurrence of or an adverse change in these or similar matters will likely have an adverse effect on the business, operations, financial condition, financial results and prospects of the Company. There can be no assurances that these disruptions will not occur, that any such disruption would not be of indefinite duration, and that any such disruption will not result in the loss of an entire seasonal crop yield or complete failure of the Company's investments.

Insurance

It may not be possible for the Company to fully insure itself against all operational risks and losses embedded in its portfolio, and the Company may ultimately decide or be forced to not take out various insurance policies due to high premiums or for other reasons. Should such uninsured damages or losses occur, they could have a substantial adverse affect on the Company, including the complete failure of the business.

Competition

The Company competes for personnel, land acquisitions, and investments. Competitors may have greater financial resources, established and diversified operations, history, goodwill, and other factors that will give them a competitive advantage over the Company. There can be no assurances that the Company will be able to secure resources, services and sales in an environment of increased competition by such competitors.

DLC HOLDING CORP. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Government Regulation

The Company's agricultural and land investments will be subject to government legislation, policies and controls. These may include but are not limited to regulations in respect of land use, water use and irrigation rights, fertilizer, hormone, pesticide and antibiotic controls, food inspections, food standards and other environmental and health and safety laws. In addition, any delays in receiving any necessary license, concession, permit or other regulatory approval may cause operational delays resulting in, among other things, inefficiencies, increased costs and untenable crop schedules and/or unfavourable terms for the valuation of land assets. The exercise of discretion by government authorities under existing regulations, modification of existing regulations and the implementation of new regulations affecting the industry are beyond the control of the Company and could have an adverse impact on the business, operations, financial condition, financial results and prospects of the Company.

Failure to comply with applicable laws and regulations may result in enforcement actions resulting in forfeiture of property, payment of administrative, civil and criminal fines and penalties, payment of damages and compensation, and the imposition of corrective measures requiring capital and other expenditures, changes in procedures or other remedial actions.

Environmental Exposure

Operations conducted by the Company's investments have the potential to affect surrounding lands. In the event that investment operations result in loss or damage to neighbouring landowners or other affected persons, the Company may be required to compensate those affected and to take remedial actions that would require significant expenditures, changes in procedures or other remedial actions, which individually or in the aggregate could have an adverse impact on the business, operations, financial condition, financial results and prospects of the Company.

Exchange rate Fluctuations

The Company reports its financial statements in Canadian dollars. In contrast, all or substantially all of its investments are located in South Africa, Brazil and Argentina and are exposed to the South African Rand, Brazilian Real and Argentinean Peso respectively. In addition, the value and cashflows of those investments may be denominated in other currencies, such as the US dollar. As a result, fluctuations in exchange rates, which can be volatile, can have a material effect on working capital, reported fair values, cash flow and reported financial condition and financial results.

Lack of Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders

The Company may from time to time issue equity securities to finance its operations, acquisitions and other working capital requirements. The issuance of equity securities will result in the dilution of the equity interests of existing shareholders. There can be no assurances that equity securities can in any instance be issued on terms favourable or acceptable to the Company, as the case may be, and if such issuance is nonetheless required, the result will be additional and possibly excessive dilution to the equity interests of existing shareholders.

Dependence of Key Personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term. As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

**DLC HOLDING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Lack of Trading

A listing of the Common Shares on the Exchange is not a guarantee of liquidity. If an active trading market for the Common Shares does not develop, the liquidity of the Common Shares may be limited and it may be difficult if not impossible for a holder of Common Shares to sell Common Shares. There can be no assurances that an active trading market for the Common Shares will develop or if developed will be sustained for any period of time.

Volatility of Share Price

Market prices for shares of TSX Venture Exchange companies are often volatile. Factors such as announcements of financial results, and other factors could have a significant effect on the price of the Company's shares.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.