

**SAGITTARIUS CAPITAL CORPORATION**  
**(A Capital Pool Corporation)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
FOR THE NINE MONTHS PERIODS ENDED SEPTEMBER 30, 2017 AND 2016**

November 28, 2017

The following discussion and analysis of the operating results and financial position is supplementary to, and should be read in conjunction with, the unaudited condensed interim financial statements for the nine months ended September 30, 2017 and 2016 of Sagittarius Capital Corporation (“Sagittarius” or the “Company”). The unaudited condensed interim financial statements for the three and nine months ended September 30, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) in Canada. All monetary amounts are expressed in Canadian dollars.

**FORWARD-LOOKING INFORMATION**

The discussion and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Management considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared, but cautions the reader that actual results could differ materially from those anticipated.

**General Overview**

Sagittarius was incorporated under the *Business Corporations Act* (Ontario) on April 20, 2007 and is classified as a Capital Pool Corporation as defined in CPC Policy. Sagittarius has nominal assets other than cash and cash equivalents and proposes to identify and evaluate potential acquisitions or businesses with a view to completing a Qualifying Transaction, as defined in the CPC Policy.

In the opinion of management, all adjustments consisting of normal recurring adjustments, considered necessary for a fair presentation of Sagittarius’ financial position, results of operations, and cash flows, have been included. Sagittarius has not commenced active business operations and, therefore, no segmented information is available.

**Recent Developments**

As of the date of this Management’s Discussion and Analysis, the Company is considering potential qualifying transactions.

**Selected Unaudited Information**

Summarized selected financial information with respect to Sagittarius for the nine months ended September 30, 2017 and 2016 is as follows:

For the nine months ended	September 30, 2017	September 30, 2016
Total expenses	\$16,780	\$20,166
Interest income	-	-
Net loss	(16,780)	(20,166)
Loss per share	(0.005)	(0.005)
Total assets	4,584	2,180
Total liabilities	52,885	28,009
Shareholders' deficiency	(48,301)	(25,829)
Cash dividends declared	-	-

### **Results of Operations**

#### **Three months ended September 30, 2017 and 2016**

Sagittarius recorded a loss of \$5,078 during the three months ended September 30, 2017 compared to \$3,956 during the comparative period in the prior year.

During the three months ended September 30, 2017, Sagittarius incurred professional fees of \$3,777 representing legal and accounting fees associated with its operations compared to \$2,500 during the comparative period in the prior year. Legal fees totaled \$377 compared to \$nil in 2016. Sagittarius incurred \$1,250 (2016 - \$1,250) in filing fees. Office and general expenses totaled \$51 (2016 - \$206) during the current quarter.

Loss per share remain unchanged in the current period, \$0.001 compared to the same period in the prior year (2016 - \$0.001).

#### **Nine months ended September 30, 2017 and 2016**

Sagittarius recorded a loss of \$16,780 during the nine months ended September 30, 2017 compared to 20,166 during the comparative period in the prior year.

During the nine months ended September 30, 2017, Sagittarius incurred professional fees of \$10,094 representing legal and accounting fees associated with its operations compared to \$13,451 during the comparative period in the prior year. Legal fees totaled \$1,439 compared to \$5,811 in 2016. Filing fees and office and general expenses were \$6,493 (2016 - \$6,393) and \$193 (2016 - \$322), respectively.

Loss per share during for the nine months ended September 30, 2017 was \$0.005 compared to \$0.005 for the same period in 2016.

### **Summary of Quarterly Results**

The following table presents selected financial data of Sagittarius for its last eight quarters as reported in the particular period:

Period:	Net profit (loss):	Profit (loss) per share:
2017 Q3	(5,078)	(0.001)
2017 Q2	(6,990)	(0.002)
2017 Q1	(4,711)	(0.001)
2016 Q4	(5,693)	(0.002)
2016 Q3	(3,956)	(0.001)
2016 Q2	(7,329)	(0.002)
2016 Q1	(8,880)	(0.002)
2015 Q4	(2,514)	(0.001)

### **Liquidity**

At September 30, 2017, Sagittarius had \$3,978 (December 31, 2016 - \$1,291) in cash and HST and other receivables of \$606 (December 31, 2016 - \$1,319).

Total liabilities were \$52,884 as at September 30, 2017, compared to \$34,131 as at December 31, 2016. The increase is primarily attributable to costs incurred in professional fees.

Shareholders' deficiency increased from \$31,521 as at December 31, 2016 to \$48,301 as at September 30, 2017 as a result of the net loss incurred of \$16,780 during the nine months ended September 30, 2017.

### **Capital Resources**

Sagittarius financed operations during the nine months ended September 30, 2017 through the remaining net cash proceeds of the initial public offering.

Cash from the initial public offering has been primarily used to pursue a proposed qualifying transaction.

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

As of September 30, 2017, Sagittarius had no off-balance-sheet arrangements.

### **Related-Party Transactions**

Other than as described in Note 8 to the unaudited condensed interim financial statements for the three and nine months ended September 30, 2017, there have been no significant changes in the nature and scope of related party transactions to those described in Note 8 to the 2016 Audited Financial Statements and the accompanying MD&A.

## **Share Capital**

As at September 30, 2017, Sagittarius had authorized unlimited common shares without par value and had issued 4,190,000 common shares. During fiscal 2010, the Company cancelled 500,000 common shares held by current and former directors of the Company as a result of not consummating a qualifying transaction within the prescribed period of time allowed under TSX Venture Exchange (the “Exchange”) rules. Additionally, as of September 30, 2017, there are no options issued and outstanding.

## **Financial Instruments and Other Instruments**

Sagittarius’ financial instruments consist of cash and cash equivalents and accounts payable and accrued liabilities. It is management’s opinion that Sagittarius is not exposed to significant credit risks arising from these financial instruments and that the carrying value of these financial instruments approximates fair values due to the relatively short-term maturities of these instruments.

## **Cash Restriction**

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 Company. These restrictions apply until Completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. As of September 30, 2017, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange.

## **Critical Accounting Policies and Estimates**

The Company’s financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

A summary of the Corporation’s significant accounting policies is provided in Note 3 to the 2016 Audited Financial Statements and a summary of critical accounting judgments, estimates and assumptions made by the Corporation are provided in Note 3 to the 2016 Audited Financial Statements. There have been no significant changes to the Corporation’s significant accounting policies or to the judgments, estimates and assumptions made by the Corporation in the preparation of the unaudited condensed interim financial statements for the three and nine months ended September 30, 2017 from those significant accounting policies and judgments, estimates and assumptions made by the Corporation in the preparation of its 2016 Audited Financial Statements.

### *Accounting estimates and judgments*

The preparation of the Company’s financial statements requires management to make estimates and judgments and form assumptions that affect the reported amounts and other disclosures in the Company’s financial statements. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision

affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used in the preparation of the Company's financial statements include, among others, the recoverability of accounts receivable, and the fair value of financial assets and liabilities. Actual results may differ from those estimates.

### **Financial Instruments and Financial Risk Management**

The Company is exposed to different types of risks in the normal course of operations, including credit risk and liquidity risk as follows:

#### a) Fair value

The carrying values of cash and cash equivalents and accounts payable and accrued liabilities approximate fair values due to the relatively short-term maturities of these instruments.

#### b) Credit risk

The Company's exposure to credit risk arises from the possibility that its debtors may fail to meet their obligations. The Company continually evaluates the collectability of accounts receivable and records an allowance for doubtful accounts, which reduces the receivables to the amount management reasonably believes will be collected.

The Company manages the credit exposure related to cash of \$3,978 as at September 30, 2017 by making sure that the Company maintains bank accounts with Schedule 1 banks in Canada.

The carrying amount of cash and cash equivalents represents the maximum credit exposure.

#### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. All of the Company's accounts payable and accrued liabilities are due within one year.

### **Outlook**

The Company is considering potential Qualifying Transactions.