

SAGITTARIUS CAPITAL CORPORATION
(A Capital Pool Corporation)

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017**

November 28, 2018

The following Management’s Discussion and Analysis (“MD&A”) of the operating results and financial position of Sagittarius Capital Corporation (“Sagittarius” or the “Company”) is effective November 28, 2018. The MD&A is supplementary to, and should be read in conjunction with the unaudited condensed interim financial statements for the three and nine months ended September 30, 2018, as well as the Company’s audited financial statements for the year ended December 31, 2017. The financial statements 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 by TSX Venture Exchange (“TSX-V”) Policy 2.4 (the “Exchange Policy”). The Company has nominal assets other than cash and proposes to identify and evaluate potential acquisitions or businesses.

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

Recent Developments

Sagittarius currently has no active business operations but had entered into a Securities Exchange Agreement with Israeli-based Irri-Al-Tal Ltd. (“Irri-Al-Tal”) (the “Arrangement”), whereby the Arrangement will constitute the Qualifying Transaction (“QT”) of the Company pursuant to the policies of the TSX-V.

On June 21, 2018, the Company and Irri-Al-Tal entered into an amended and restated letter of intent, superseding the terms of the letter of intent entered into on December 28, 2017, as amended on April 24, 2018. The terms of the QT are as follows:

- 1) Sagittarius and Irri-Al-Tal are expected to enter into a share exchange agreement (the “Securities Exchange Agreement”) whereby Irri-Al-Tal shareholders will exchange all of their issued and

outstanding common shares of Irri-Al-Tal for common shares of Sagittarius and Irri-Al-Tal will become a wholly-owned subsidiary of Sagittarius.

- 2) Pursuant to the Share Exchange Agreement, holders of Irri-Al-Tal common shares are expected to be entitled to receive two (2) Consolidated Sagittarius Share for every one (1) Irri-Al-Tal Shares (“Share Exchange”). The Board of Directors of the resulting issuer is expected to be comprised of up to five (5) directors, of which three individuals will be the nominees of Irri-Al-Tal, and two individuals will be nominees of Sagittarius.
- 3) Sagittarius will be required to seek shareholder approval for: (i) a share consolidation of the common shares in the Company (“Sagittarius Shares”) on a 1.4964285 old shares for one (1) new share; and (ii) a name change to “Waterways Technologies Inc.” or as otherwise approved by the directors of the Company.
- 4) Prior to the Share Exchange, Irri-Al-Tal intends to complete a private equity financing (the “Private Placement”) concurrently with listing of up to an amount of \$2,000,000 comprised of units at a price of \$0.50 per unit. Each unit will be comprised of one (1) Irri-Al-Tal share and one half (1/2) of one Irri-Al-Tal share purchase warrant, with each whole warrant being exercisable into one Irri-Al-Tal share at an exercise price of no less than \$0.80 for a period of 24 months from the closing date of the Private Placement.

Completion of the Arrangement is subject to completion of due diligence, receipt of all requisite consents, acceptances and regulatory approvals, and all director and shareholder approvals, execution of definitive agreements and certain other conditions that are customary for transactions of this nature. Following completion of the Arrangement, it is anticipated that the Resulting Issuer will be eligible to become a Tier 2 issuer on the TSX-V.

On August 21, 2018, the Company, Irri-Al-Tal and Irri-Al-Tal shareholders entered into the Securities Exchange Agreement to effect the Share Exchange on closing on the QT.

The Company also intends to complete an offering of securities (“Concurrent Financing”) to be completed concurrently with the closing of the QT. It is intended the Concurrent Financing will be conducted as a public offering of units via a prospectus. The Company will issue up to 16,000,000 units at a price of \$0.25 per unit for maximum gross proceeds of \$4,000,000 (“Maximum Offering”) and a minimum of 8,000,000 units for minimum gross proceeds of \$2,000,000 (“Minimum Offering”). Each unit will be comprised of one (1) Sagittarius share and one-half (1/2) of a Sagittarius share purchase warrant (“QT Warrant”). Each whole QT Warrant will allow the holder to purchase one common share at a price of \$0.40 for a period of 24 months from the date of issuance.

On August 23, 2018, the Company filed its preliminary prospectus in regard to the proposed QT.

On November 20, 2018, the Company filed the amended preliminary prospectus in regard to the proposed QT.

Selected Financial Information

Summarized selected financial information with respect to Sagittarius for the unaudited nine months period ended September 30, 2018 and 2017 are as follows:

For the nine months ended	September 30, 2018	September 30, 2017
	\$	\$
Total expenses	(25,977)	(16,780)
Net loss	(25,977)	(16,780)
Loss per share	(0.007)	(0.005)
Total assets	82,971	4,584
Total liabilities	165,381	52,885
Shareholders' deficiency	(82,410)	(48,301)

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
	\$	\$
2018 Q3	(4,416)	(0.001)
2018 Q2	(21,561)	(0.003)
2018 Q1	(11,212)	(0.003)
2017 Q4	(8,133)	(0.003)
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)

Results of Operations

Three months ended September 30, 2018

The Company recorded expenses of \$4,416 during the three months ended September 30, 2018 compared to total expenses of \$5,078 during the comparative period.

During the three months ended September 30, 2018, the Company incurred professional fees of \$3,065 representing legal, audit and accounting fees associated with its operations compared to \$3,777 during the comparative period. Filing fees and office and general expenses were \$1,250 (2017 – \$1,250) and \$101 (2017 – \$51), respectively, for the current quarter.

Net loss for the three months ended September 30, 2018 was \$4,416 (per share loss of \$0.001) compared to a net loss of \$5,078 during the comparative period (per share loss of \$0.001)

Nine months ended September 30, 2018

The Company recorded expenses of \$25,977 during the nine months ended September 30, 2018 compared to total expenses of \$16,780 for the nine months ended September 30, 2017.

During the nine months ended September 30, 2018, the Company incurred professional fees of \$19,238 representing legal, audit and accounting fees associated with its operations compared to \$10,094 during the comparative period. Filing fees and office and general expenses were \$6,493 (2017 – \$6,493) and \$246 (2017 – \$193), respectively, for the current period.

Net loss for the nine months ended September 30, 2018 was \$25,977 (per share loss of \$0.007) compared to a net loss of \$16,780 during the comparative period (per share loss of \$0.005)

Liquidity

As at September 30, 2018, the Company had cash of \$8,949 (December 31, 2017 – \$4,523), and HST and other receivables of \$74,022 (December 31, 2017 – \$1,019). The Company's cash flow is primarily financed through HST refunds claimed on its normal business expenditures incurred as a result of maintaining public company status. HST refunds represent the single source of cash flows for the Company going into 2018.

Total liabilities were \$165,381 as at September 30, 2018, compared to \$61,975 as at December 31, 2017. The increase is primarily attributable to the accrual of professional fees incurred during the current period.

Shareholders' deficiency totaled \$82,410 as at September 30, 2018 (December 31, 2017 – \$56,433), for an increase of \$25,977, as a result of the net loss incurred during the nine months ended September 30, 2018.

The Company is looking at other sources of financing to remain as a going concern entity.

Capital Resources

The Company financed its operations during the nine months ended September 30, 2018 and during the year ended December 31, 2017 mainly through the remaining cash proceeds from its initial public offering, and from HST refunds claimed on its normal business expenses.

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

Off-Balance-Sheet Arrangements

As of September 30, 2018, Sagittarius had no off-balance-sheet arrangements.

Related Party Transactions

Transactions with related parties, if any, are incurred in the normal course of business and are measured at the exchange amount which is the amount of consideration established and approved by the related parties.

During the nine months ended September 30, 2018, the Company incurred accounting fees of \$7,500 (2017 – \$7,500) to Branson Corporate Services Inc. ("Branson"), a company in which a director has a non-controlling indirect interest. The Company also recovered legal fees and disbursements of \$3,613 (2017 – fees and disbursement of \$3,986) to Fogler, Rubinoff LLP ("Fogler"), a law firm in which a director of the Company is a Partner.

As of September 30, 2018, an amount of \$34,592 (December 31, 2017 – \$26,117) owed to Branson, and an amount of \$79,961 (December 31, 2017 – \$9,587) owed to Fogler, were included in accounts payable and accrued liabilities. As at September 30, 2018, the Company also owed \$12,821 (December 31, 2017 – \$12,821) to the director, as well as \$14,582 (December 31, 2017 – \$7,229). These amounts are unsecured, non-interest bearing and due on demand.

There was no remuneration paid to directors and key management personnel during the nine months ended September 30, 2018 and 2017.

Share Capital

As at September 30, 2018, the Company had authorized unlimited common shares without par value and had issued 4,190,000 common shares (December 31, 2017 – 4,190,000 common shares) and had no options issued and outstanding. As of the date of this MD&A, the number of common shares had not changed.

Financial Instruments

Financial assets

Financial assets within the scope of IFRS 9 ‘Financial Instruments’ (“IFRS 9”) are classified as financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (loss) (“FVTOCI”) and financial assets at amortized costs, as appropriate.

Classification and measurement

The Company determines the classification of its financial assets at initial recognition. All financial assets are recognized initially at fair value plus directly attributable transaction costs.

The Company’s financial assets, including cash and receivables excluding any sales tax amounts, are measured at amortized cost.

Recognition and measurement

Subsequent to initial recognition, all financial assets are measured at amortized cost, at FVTOCI or at FVTPL. At each reporting date, impairment requirements are applied to financial assets measured at amortized cost and at FVTOCI.

Determination of fair value

The determination of fair value requires judgment and is based on market information, where available and appropriate. The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2018 and December 31, 2017, the Company does not have any financial instruments carried at fair value and that require classification within the fair value hierarchy.

Financial liabilities

All financial liabilities within the scope of IFRS 9 are measured at amortized cost, except for financial liabilities at FVTPL, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, commitments to provide a loan at a below-market interest rate, contingent consideration recognized by an acquirer in a business combination to which IFRS 3 – Business Combinations applies. Such contingent consideration shall subsequently be measured at fair value with changes recognized in profit or loss.

The Company's financial liabilities consist of accounts payable and accrued liabilities, and are measured at amortized cost.

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 QT by the Company as defined under the Exchange Policy. As at September 30, 2018, the Company had exceeded this limit. The impact of this violation is not known and is ultimately dependent on the Exchange.

Critical Accounting Estimates

The preparation of the Company's unaudited condensed interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of policies, reported amounts and other disclosures in the unaudited condensed interim 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.

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. There have been no significant judgements made by management in the application of IFRS that have a significant effect on these financial statements, with exception to accounts payable and accrued liabilities, deferred taxes and the going concern assumption.

Adoption of New Accounting Policies

The Company had adopted the following new standard, effective January 1, 2018. The change was made in accordance with the applicable transitional provisions. There was no material impact on the Company's unaudited condensed interim financial statements.

IFRS 9 – Financial Instruments (“IFRS 9”)

IFRS 9 was issued by the IASB in July 2014 and replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’ (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on

how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

Risk Management

The Company is exposed to different types of risks in the normal course of operations, including credit risk and liquidity risk. There have been no significant changes in the risks, objectives, policies and procedures during the nine months ended September 30, 2018 and 2017.

Fair Value

The carrying amounts for cash, HST and other receivables, and accounts payable and accrued liabilities on the unaudited condensed interim statements of financial position approximate fair value given that they are primarily short-term in nature.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash balances and other receivables. Cash is held with a reputable Canadian chartered bank and in trust by the Company's legal counsel. The Company manages the credit exposure related to cash of \$8,949 as at September 30, 2018 (December 31, 2017 – \$4,523) by making sure that the Company maintains bank accounts with Schedule 1 banks in Canada. The carrying amount of cash represents the maximum credit exposure.

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.

Capital Management

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

The Company considers share capital, share option reserve, and accumulated deficit in the amount of \$82,410 as at September 30, 2018 (December 31, 2017 – \$56,433) to represent capital.

The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2018 and during the year ended December 31, 2017.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSXV which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

Subsequent Events

On November 20, 2018, the Company filed the amended preliminary prospectus in regard to the proposed QT.