

**Merida Minerals Holdings Inc. (formerly  
Winston Capital Group Inc.)**

Management Discussion and Analysis

***For the Year Ended December 31, 2021***

*Dated May 02, 2022*

# Merida Minerals Holdings Inc. (formerly Winston Capital Group Inc.) Management Discussion and Analysis

## FORM 51-102F1

***The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's consolidated financial statements and notes thereto for the year ended December 31, 2021. Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).***

This MD&A was prepared by management of Merida Minerals Holdings Inc. (formerly Winston Capital Group Inc.) ("the Corporation") and was approved by the Board of Directors on May 2, 2022. All amounts are in Canadian dollars unless otherwise stated.

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", used by any of the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's forecasts, estimates and expectations, as they relate to the Corporation's current views based on their experience and expertise with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Corporation's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Corporation does not intend, and does not assume any obligation to, update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments unless required by applicable securities law.

### **COVID-19**

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. To date, the operations of the Company have not been significantly affected. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

### **Description of the Business**

The Corporation was incorporated on October 22, 2018, by Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta). The Corporation has been inactive between the date of incorporation and the date of the consolidated statement of financial position, other than issuance of share capital for cash. The Corporation is classified as a Capital Pool Corporation ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation will be to identify and evaluate assets or businesses with a view to potentially acquire them or an interest therein by completing a purchase transaction, by exercising of an option, or by any concomitant transaction. The purpose of such an acquisition is to satisfy the related conditions of a qualifying transaction under the Exchange rules.

The Corporation proposes to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction. Any proposed Qualifying Transaction must be accepted by the Exchange and in the case of a non-arm's Length Qualifying Transaction will also be subject to "Majority of the Minority Approval" as defined pursuant to the CPC Policy. The Corporation has not conducted commercial operations other than to begin the process of identifying potential acquisitions with a view to completing a Qualifying Transaction.

Until completion of a Qualifying Transaction, the Corporation will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a Qualifying Transaction. With the consent of the Exchange, this may include the raising of additional funds in order to finance an acquisition. Except as described under "Restrictions on Use of Proceeds" and "Private Placements for Cash", the funds raised pursuant to the Offering and any subsequent financing will be utilized only for the identification and evaluation of potential Qualifying Transactions and not for any deposit, loan or direct investment in a potential acquisition.

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### Description of the Business (continued)

The Corporation may use cash, secured or unsecured debt, issuance of treasury shares, public financing of debt or equity, or a combination of these, for the purpose of financing its proposed Qualifying Transaction. A Qualifying Transaction financed by the issue of treasury shares could result in a change in the control of the Corporation and may cause the shareholders' interest in the Corporation to be further diluted.

The board of directors of the Corporation must approve any proposed Qualifying Transaction. In exercising their powers and discharging their duties in relation to a proposed Qualifying Transaction, the directors must act honestly and in good faith with a view to the best interests of the Corporation and must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The acquisition of, or participation in, companies, assets or businesses may arise in numerous ways. The Corporation has not established pre-determined criteria for such participations or acquisitions other than sound business fundamentals. Such fundamentals include but are not limited to: (i) the ratio of risk to reward; (ii) the potential for growth; (iii) the length of the payout period; and (iv) the rate of return.

The Corporation has not commenced commercial operations and has no assets other than cash and HST receivable.

### Initial Public Offering

On February 28, 2019, the Corporation completed its initial public offering raising gross proceeds of \$500,000. A total of 5,000,000 common shares in the capital of the Corporation were subscribed for at a price of \$0.10 per Share. Mackie Research Capital Corporation acted as the agent for the offering. The Agent received a cash commission equal to 10% of the gross proceeds of the offering, a corporate finance fee and non-transferable options to purchase up to 500,000 shares at a price of \$0.10 per share for a period of two years from the date the shares are first listed on the TSX Venture Exchange (the "TSXV"). Following the transaction, the Corporation has 7,500,000 shares issued and outstanding, with the directors, officers and seed shareholders of the Corporation, in aggregate, holding 2,500,000 shares which are subject to escrow restrictions. The Corporation has also granted 750,000 incentive stock options to its directors and officers which are exercisable for a period of ten years from the date of the grant at an exercise price of \$0.10 per Share.

### Qualifying Transaction

On March 31, 2021 The Company completed its qualifying transaction in accordance with the TSX Venture Exchange (the "TSXV") Policy 2.4 – Capital Pool Companies (the "Transaction"). The Transaction was completed pursuant to the terms of an amalgamation agreement dated December 9, 2020, as amended, among the Company, 2797200 Ontario Inc. ("Subco") and Winston Capital Group Inc. ("Winston") (the "Agreement"). The Transaction was completed by way of a three-cornered amalgamation whereby Merida Minerals Inc. ("Merida") and Subco, a wholly-owned subsidiary of Winston, amalgamated under the laws of Ontario (the "Amalgamation"). Prior to the amalgamation, Winston completed a continuance under the laws of Ontario (the "Continuance"). Immediately following the completion of the Amalgamation, Winston changed its name from "Winston Capital Group Inc." to "Merida Minerals Inc.". Pursuant to the terms of the Agreement, the outstanding shares and warrants of Merida were exchanged for shares and warrants, respectively, of Winston on the basis of one Winston security for every one Merida security. Upon completion of the Transaction, the resulting issuer is Merida Minerals Inc. (the "Resulting Issuer") and will continue the business of Merida. Further details regarding the Transaction can be found in the filing statement dated February 14, 2022 and filed under Merida's profile on SEDAR at [www.sedar.com](http://www.sedar.com) (the "Filing Statement").

Merida Minerals Inc. is a mineral exploration company focused on developing the long-term mining potential of the Zn-Cu-Pb enriched PBR property in the low-risk and historic mining district in Southwest Spain. The property, in Extremadura, Spain, has been acquired by Merida Minerals Corp. and it covers an area of 90km<sup>2</sup>. The Merida Minerals management team is comprised of industry veterans with a combined experience of more than 80 years of mineral exploration and production experience in multiple jurisdictions and has successfully managed multiple Spain and international mining companies. With support from the local government and sophisticated mining infrastructure, the company will initiate development and exploration work on the historical sites.

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**Selected Financial Information**

The following selected financial data is derived from the recently completed audited consolidated financial statements the Corporation.

	<b>As at Dec 31, 2021</b>	As at Dec 31, 2020	As at Dec 31, 2019
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net Income (loss) for the year	<b>(68,630)</b>	(84,792)	(168,717)
Comprehensive loss for the year	<b>(68,630)</b>	(84,792)	(168,717)
Non-Current assets	<b>Nil</b>	Nil	Nil
Current assets	<b>249,936</b>	348,208	400,810
Non-Current liabilities	<b>Nil</b>	Nil	Nil
Current liabilities	<b>25,688</b>	55,330	23,140
Working capital	<b>224,248</b>	292,878	377,670
Deferred income tax	<b>Nil</b>	Nil	Nil
Share capital	<b>518,547</b>	518,547	518,547
Warrants	<b>-</b>	26,449	26,449
Shareholders' equity	<b>224,248</b>	292,878	377,670

The Corporation does not have any operations and will not conduct any business other than the identification and evaluation of business and assets for potential acquisition.

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### Results of Operations

For the period ended December 31, 2021, the Corporation realized a loss of \$68,630 (2019: \$84,792). During the period ended December 31, 2021, the Corporation focused its efforts on assessing opportunities to execute its qualifying transaction.

### Professional and Administrative Fees

During the period ended December 31, 2021, the Corporation incurred legal and professional fees totaling \$68,630 (2019: \$84,792). These fees relate directly to the maintenance of the Corporation's compliance requirements as well as costs associated with a qualifying transaction.

### Liquidity, Capital Resources and Financial Position

As at December 31, 2021, the Corporation had a total of \$237,968 (2019: \$342,663) cash available to pay current liabilities of \$25,688 (2019: \$55,330). Current liabilities consist of accounts payable and accrued liabilities for accounting and legal fees incurred. The Corporation anticipates generating negative cash flows from operating activities on a quarterly basis until a Qualifying Acquisition has been completed and the Corporation generates revenue.

The Corporation may not have sufficient funds to secure such businesses or assets once identified and evaluated and additional funds may be required. 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 \$3,000 per month may be used to cover 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.

If the Corporation requires additional funding for ongoing expenses or costs in connection with a potential Qualifying Acquisition, the Corporation may seek funding by way of unsecured loans from its Sponsor, which loans would, unless approved otherwise by the TSX, bear interest at no more than prime rate plus 1%. Otherwise, and subject to any relief granted by the TSX, the Corporation may seek to raise additional funds through a rights offering of shares available to its shareholders, in accordance with the requirements of applicable securities legislation, and subject to placing the required funds raised in the escrow account in accordance with applicable TSX rules. Other than the foregoing, the Corporation will not be able to obtain any form of debt or equity financing other than in accordance with applicable securities laws and only with the consent of the TSX. There is no assurance that the Corporation's plans to raise capital or to consummate a Qualifying Acquisition will be successful.

The Corporation has not entered into any off-balance sheet financing arrangements and has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets. Further, the Corporation has no contractual or purchase type of obligations other than those reported in the Corporation's consolidated statement of financial position as of December 31, 2021.

### Related Party

There were no transactions with related parties during the period ended December 31, 2021.

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### Share Capital

As at the date of this MD&A, the Company there was 58,510,159 voting common shares issued and outstanding, and 4,500,000 stock options outstanding and 5,199,925 warrants outstanding.

### Risk and Uncertainties

The Corporation has a limited history of existence. There can be no assurance that a Qualifying Transaction will be completed. Equity or debt financing may be required to complete a Qualifying Transaction. There can be no assurance that the Corporation will be able to obtain adequate financing to continue. The securities of the Corporation should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Corporation's securities:

- a) until completion of a Qualifying Transaction, the Corporation is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions;
- b) the Corporation has had no business activity and has not acquired any material assets since its incorporation other than cash;
- c) the Corporation does not have a history of earnings, nor has it paid any dividends and will not generate earnings or pay dividends until at least after the completion of the Qualifying Transaction;
- d) the Corporation has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Corporation will be able to identify a suitable Qualifying Transaction;
- e) even if a proposed Qualifying Transaction is identified, there can be no assurance that the Corporation will be able to successfully complete the transaction;
- f) the Qualifying Transaction may be financed in all or part by the issuance of additional securities by the Corporation and this may result in further dilution to the investor, which dilution may be significant, and which may also result in a change of control of the Corporation;
- g) there can be no assurance that an active and liquid market for the common shares will develop and an investor may find it difficult to resell its common shares;
- h) if the Corporation fails to complete a Qualifying Transaction within 24 months of listing, the Exchange could suspend or delist the common shares of the Corporation and an interim cease trade order may be issued against the Corporation's securities by an applicable securities commission if its common shares are suspended from trading on or delisted from the Exchange or otherwise; and
- i) the Corporation competes with other Capital Pool Companies that are seeking suitable Qualifying Transactions. In addition, other Capital Pool Companies may have substantially greater financial and technical resources than the Corporation.

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### Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable, but not absolute, assurance that all material information is obtained, analyzed and reported to senior management on a timely basis in order for management to make reasonable decisions regarding public disclosure.

The Corporation's certifying officers, the Chief Executive Officer and the Chief Financial Officer, have reviewed the effectiveness of the design and operation of the Corporation's disclosure controls and procedures. Based on their review, they have concluded that the Corporation's disclosure controls and procedures, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings of the Canadian Securities Regulators, were effective and provide reasonable assurance that information required to be disclosed in interim, annual and special filings are submitted under Canadian securities laws and are recorded, processed, summarized and reported in a timely fashion.

### Other Information

The policies of the TSX Venture Exchange prohibit Capital Pool Companies from carrying on formal investor relations activities. Corporate communications and investor inquiries are handled by the Directors of the Corporation. Additional information about the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### CORPORATE INFORMATION

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#### TRANSFER AGENT

TSX Trust Company

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