

**COLUMN CAPITAL CORP.  
MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE PERIOD FROM INCORPORATION ON NOVEMBER 26, 2020  
TO JULY 31, 2021**

**Background**

This Management Discussion and Analysis (“MD&A”) of for Column Capital Corp. (“Column” or the “Company”) is prepared as at November 24, 2021 and should be read in conjunction with the Company’s audited financial statements for the period from incorporation on November 26, 2020 to July 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). As this is Column’s first financial year-end since its incorporation, no comparative period information is included in this MD&A.

All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company’s activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Company overview**

The Company was incorporated on November 26, 2020 under the Business Corporations Act (British Columbia) and is a Capital Pool Company (“CPC”) as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4 (“Policy 2.4”). As a CPC, the Company’s objective is to identify and acquire either operating assets or a business, subject to regulatory approval, that meet the criteria of a Qualifying Transaction as defined by the TSX-V (“Qualifying Transaction”). Until such time that a Qualifying Transaction is completed, the Company will have no significant revenue and will incur expenses primarily for Qualifying Transaction investigation, TSX-V listing and filing requirements, professional services and office facilities and administration, subject to certain restrictions under Policy 2.4.

The Company was incorporated with 2,100,000 shares being issued at a price of \$0.075 per share for total proceeds of \$157,500 (the “Seed Shares”). As a CPC, the Seed Shares are held in escrow and will be released ratably over a period up to 18 months following the completion of a Qualifying Transaction.

On June 15, 2021, the Company completed its Initial Public Offering (“IPO”) of 1,350,000 common shares at a price of \$0.15 per share for gross proceeds of \$202,500. Share issuance costs for the IPO totaled \$114,478 which included \$105,111 in cash costs for TSX-V fees, legal and accounting fees, and agent’s fees of which \$32,890 is included in accounts payable and accrued liabilities as at July 31, 2021. Additionally, the Company issued compensatory warrants with a \$9,367 fair value to the IPO agent.

As of the date of this MD&A, the Company's share capital comprises:

- Unlimited common shares authorized for issuance, of which 3,450,000 are issued and outstanding;
- Unlimited preferred shares authorized for issuance, of which none are issued and outstanding;
- 225,000 stock options, each exercisable for one common share at a price of \$0.15 until June 15, 2026; and
- 100,000 warrants, each exercisable for one common share at a price of \$0.15 until June 15, 2023.

### **COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a pandemic, which continues to spread globally. As a CPC with no commercial operations, the COVID-19 pandemic has not had a significant impact on the Company's routine operations or on the carrying value of its assets. However, the pandemic's effect on broader capital markets may hinder the Company's ability to identify and complete a Qualifying Transaction.

### **Forward-Looking Statements**

Certain statements contained in this MD&A constitute forward-looking statements. Such forward-looking statements involve a number risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks include, but are not limited to, the Company completing a Qualifying Transaction on a timely basis, and its ability to raise sufficient capital for long-term operations should a Qualifying Transaction not be completed on a timely basis. Readers are cautioned not to place undue reliance on these forward-looking statements.

### **Selected Financial Information**

	<b>July 31, 2021</b>
	<b>\$</b>
Total assets	<b>267,897</b>
Total long-term liabilities	<b>-</b>
Total shareholders' equity	<b>267,897</b>

  

	<b>Period from Incorporation on November 26, 2020 to July 31, 2021</b>
Net loss for the period	<b>(58,191)</b>
Basic and diluted loss per share	<b>(0.02)</b>

## Results of Operations

The Company currently has no business operations and until such time as the Company completes a Qualifying Transaction as defined by the TSX-V, corporate expenditures will be restricted to costs of raising equity financing, administrative costs to maintain the Company in good standing and costs to identify and evaluate potential Qualifying Transactions.

The Company incurred a loss of \$58,191 for the period from incorporation on November 26, 2020 to July 31, 2021. Expenses incurred for this period included \$28,388 in share-based compensation for stock options granted to directors of the Company. These options were fully-vested on their grant date and no additional expenses are expected in future periods. Additionally, the Company recognized a \$14,883 expense for professional fees including legal and audit services, \$9,450 for administrative and corporate services provided by a related party and \$5,271 for transfer agent services and for shareholder communications and TSX-V listing fees. The expense for share-based compensation isn't expected to recur, but the expenses for professional fees, administrative and corporate services and transfer agent, shareholder communications, listing and filing fees will be incurred at higher levels in future periods as the Company is expected to be a public entity for entire duration of all future periods.

In addition to expenses recognized during the period from incorporation on November 26, 2020 to July 31, 2021, the Company recorded a total of \$114,478 for legal, accounting services, corporate finance, TSX-V and other services provided in connection with the IPO, which is recognized as a reduction in share capital.

## Quarterly Information

Results for recent fiscal quarters are as follows:

<b>Three Months Ended</b>	<b>General and Administrative Expenses, Excluding Share-based Compensation</b>	<b>Stock-based Compensation</b>	<b>Net Loss</b>	<b>Basic &amp; Diluted Loss per Share<sup>2</sup></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
July 31, 2021	17,213	28,388	45,601	0.02
April 30, 2021	7,428	-	7,428	-
January 31, 2021 <sup>1</sup>	5,162	-	5,162	-

<sup>1</sup> Period reported is from incorporation on November 26, 2020 to January 31, 2021.

<sup>2</sup> The rounding of basic and diluted loss per share for individual quarters may result in a difference between the sum of quarterly per share losses within a fiscal year and the loss per share for the year as a whole.

## **Quarter Ended July 31, 2021**

During the three months ended July 31, 2021, the Company completed the IPO, commenced trading on the TSX-V and issued 225,000 stock options to directors of the Company. As a result, the Company incurred a \$28,388 expense for share-based compensation and an increase in other general and administrative expenses compared with prior periods, particularly for transfer agent, listing and filing fees as well as an accrual for audit services.

The stock options granted in the three months ended July 31, 2021 were fully-vested on grant, so no future related share-based compensation expense is expected. Other general and administrative expenses incurred in quarter ended July 31, 2021 will be indicative of future periods as a listed CPC, but there will be some fluctuation as certain expenses for the Company's audit and annual general meeting are incurred in specific quarters.

## **Liquidity and Changes to Expense Structure**

As at July 31, 2021, the Company had cash of \$267,897. As a CPC, the Company's routine expenses are limited to general administrative costs such as TSX-V listing and filing fees, audit fees, legal fees and expenses for corporate and administrative services. Additional legal or other costs may be incurred to pursue a potential Qualifying Transaction, regardless of whether the transaction is ultimately completed. The Company's current cash balance is sufficient to pay its existing accounts payable and accrued liabilities, to maintain its existing level of operations for the next 12 months, and to pursue a limited number of potential Qualifying Transactions.

## **Related Party Transactions**

On February 1, 2021, the Company entered into a corporate services agreement with Earlston Management Corp. ("Earlston") whereby Earlston will provide various administrative, management and corporate services to the Company for a fee of \$1,500 per month plus out-of-pocket costs. Additional fees may be paid to Earlston for non-standard services provided in connection with a Qualifying Transaction. The Company recognized a \$9,450 expense for corporate and administrative services provided by Earlston for the period from incorporation on November 26, 2020 to July 31, 2021, of which \$1,575 is included in accounts payable and accrued liabilities as at July 31, 2021.

During the period from incorporation on November 26, 2020 to July 31, 2021, the Company granted a total of 225,000 stock options to its directors. The stock options were fully-vested on their grant date and a related share-based compensation expense of \$28,388 was recognized in the period. These stock options are exercisable at a price of \$0.15 per share and expire on June 15, 2026.

## **Capital Management**

In the management of capital, the Company defines capital as its shareholders' equity. As at July 31, 2021, the Company's shareholders' equity was \$225,086. The Company's objectives when managing capital are to maintain a low level of on-going operating costs and to continue as a going concern until a Qualifying Transaction can be completed. The Company's current capital was received from the issuance of common shares and will only be sufficient to identify and evaluate a limited number of assets and businesses for the purpose of identifying and completing a Qualifying Transaction.

The Company is not subject to any externally imposed capital requirements other than the expenditure restrictions applicable under Policy 2.4. These expenditure restrictions limit the Company's on-going expenditures to reasonable expenditures relating to the IPO, reasonable expenses relating to a proposed Qualifying Transaction, assurance and audit fees, escrow agent and transfer agent fees, regulatory filing fees and a maximum of \$3,000 per month for other general and administrative costs.

## **Financial Instruments and Risk Management**

As at July 31, 2021, the Company's financial instruments comprise cash and accounts payable and accrued liabilities. The fair values of accounts payable and accrued liabilities approximate their carrying values due to their short term to maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices 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 that are not based on observable market data (unobservable inputs).

As at July 31, 2021, the fair value of cash held by the Company was based on level 1 inputs of the fair value hierarchy.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit risk*

Credit risk is the risk of loss arising from a customer or third party to a financial instrument failing to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions.

### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at July 31, 2021, the Company had a cash balance of \$267,897 which is sufficient to settle current liabilities of \$42,811 and anticipated short-term cash requirements, but that additional funding may be required to meet long-term requirements should a Qualifying Transaction not be completed on a timely basis. The Company's financial liabilities include trade payables that have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

### *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 equity prices. As the Company does not currently hold and does not expect to hold interest-bearing financial instruments other than cash, assets or liabilities denominated in a foreign currency, and marketable securities or other financial instruments subject to fluctuations in equity prices, it currently does not have and is not expected to have exposure to these market risks.

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

The Company has no off-balance sheet arrangements.

### **Critical Accounting Estimates and Judgments**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

#### *i. Valuation of share-based compensation and warrants*

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and compensatory warrants. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

#### *ii. Income taxes*

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, of deferred income tax assets and liabilities.

The Company's significant accounting policies and estimates are included in Note 3 of its audited financial statements for the period from incorporation on November 26, 2020 to July 31, 2021.

### **Risks and Uncertainties**

The Company's objective is to identify and complete a Qualifying Transaction and, as of the date of this MD&A, the Company is pursuing the Transaction, as discussed under "Potential Qualifying Transaction", herein. Until the Company completes a Qualifying Transaction, it will not have a source of recurring income, commercial operations, significant assets other than cash and shall not generate earnings or pay dividends.

Should the Company not complete a Qualifying Transaction on a timely basis, it may require additional capital financing and there is no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

The Company's success depends to a certain degree upon key members of its management to identify a potential Qualifying Transaction. The loss of the service of members of the management team or certain key employees could have a material adverse effect on the Company.

### **Corporate Governance**

The Company's Board of Directors and its committees substantially follow the recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The current Board comprises three individuals, one of whom holds all officer roles for the Company. All members of the Board comprise the Audit Committee.