

# HUFFINGTON CAPITAL CORP.

## MANAGEMENT DISCUSSION & ANALYSIS

### For the Nine Months Ended May 31, 2018

#### Date

This Management Discussion and Analysis (“MD&A”) of Huffington Capital Corp. (“Huffington” or the “Company”) has been prepared by management as of August 1, 2018 and should be read together with the unaudited condensed interim financial statements and related notes for the period ended May 31, 2018 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). All of the following amounts are expressed in Canadian dollars unless otherwise stated. The reader should also refer to the annual audited financial statements for the period ended August 31, 2017.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

#### Overall Performance

The Company was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on July 21, 2015.

The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. As a CPC, the Company’s principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange (“Qualifying Transaction”).

On April 19, 2016, the Company completed its IPO issued 1,000,000 common shares at \$0.20 per share for total proceeds of \$200,000. The Company paid to the agent a corporate finance fee of \$7,500 and a cash commission of \$15,000, being 7.5% of the gross proceeds. The Company also issued to the agent an option to acquire 75,000 common shares of the Company at a price of \$0.20 per share, expiring April 18, 2018.

On January 11, 2017, 22,125 warrants were exercised at \$0.20 per warrant for proceeds of \$4,425.

On April 16, 2018, 52,875 warrants were exercised at \$0.20 per warrant for proceeds of \$10,575.

The proposed business of the Company and the completion of a Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

#### Results of Operations

For the three months ended May 31, 2018 and 2017, the Company reported a net loss of \$11,074 and \$6,933 comprised of general and administrative fees of \$5,356 and \$4,428, professional fees of \$1,000 and \$Nil, transfer agent and filing fees of \$5,092 and \$2,688 and interest income of \$374 and \$183, respectively.

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For the nine months ended May 31, 2018 and 2017, the Company reported a net loss of \$28,291 and \$40,848 comprised of general and administrative fees of \$15,532 and \$26,729, professional fees of \$2,235 and \$5,370, transfer agent and filing fees of \$11,401 and \$9,240 and interest income of \$877 and \$491, respectively.

**Summary of Quarterly Results**

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Net Loss for the Period	\$ (11,074)	\$ (10,259)	\$ (6,958)	\$ (8,618)	\$ (6,933)	\$ (25,905)	\$ (8,010)	\$(15,463)
Loss per Share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.02)

**Liquidity and Capital Resources**

The Company reported working capital of \$103,799 at May 31, 2018 and cash of \$106,401.

Current liabilities as at May 31, 2018 consisted of accounts payable of \$5,827.

Pursuant to subscription agreements, 2,000,000 common shares at \$0.05 per share were issued to directors of the Company for gross proceeds of \$100,000. On January 25, 2016, the directors of the Company approved the repurchase of 1,000,000 of the Company's issued and outstanding common shares for no consideration from its shareholders on a pro rata basis. Consequently, the number of issued and outstanding common shares has been reduced to 1,000,000 common shares. All 1,000,000 common shares will be held in escrow and will be deposited with a trustee under an escrow agreement. Under the escrow agreement, 10% of the escrowed common shares will be released from escrow on the issuance of the final Exchange bulletin on the closing of a Qualifying Transaction and an additional 15% will be released every six months following the initial release over a period of thirty six months.

On April 19, 2016, the Company completed its IPO issued 1,000,000 common shares at \$0.20 per share for gross proceeds of \$200,000.

On January 11, 2017, 22,125 warrants were exercised at \$0.20 per warrant for proceeds of \$4,425.

On April 16, 2018, 52,875 warrants were exercised at \$0.20 per warrant for proceeds of \$10,575.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

**Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

**Transactions with Related Parties**

None.

**Proposed Transactions**

None.

**Critical Accounting Estimates**

Not applicable for Venture Issuers.

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### **Recent Accounting Policies Not Yet Adopted**

#### *New standard IFRS 9 "Financial Instruments"*

This new standard is a partial replacement of International Accounting Standard ("IAS") 39 "Financial Instruments: Recognition and Measurement". 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.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The proposed effective date of IFRS 9 is annual periods beginning on or after January 1, 2018.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **Financial Instruments and Other Instruments**

The carrying amounts of cash and accounts payable approximate fair value because of the short-term maturity of these items.

### **Other Requirements**

#### ***Summary of Outstanding Securities as at August 1, 2018***

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 2,075,000 Shares (including 1,000,000 Shares held in escrow)

Stock options: 200,000 @ \$0.20 per share.

Warrants: None

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).