

**ALPHANCO VENTURE CORP.**  
(the “Company”)

**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Six Months Ended January 31, 2019

The following management discussion and analysis (“**MD&A**”) has been prepared by management as of March 28, 2019, and should be read in conjunction with the unaudited interim financial statements and related notes of the Company for the six month period ended January 31, 2019, and the audited financial statements of the Company and related notes for the period ended October 31, 2018. The financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”). All amounts are stated in Canadian dollars unless otherwise indicated.

**FORWARD LOOKING STATEMENTS**

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risks and uncertainties. All statements, other than statements of historical facts, which address the Company’s expectations, should be considered forward-looking statements. Such statements are based on management’s exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words “may”, “will”, “anticipate”, “believe”, “estimate”, “expect”, “intend” and words of similar import, are intended to identify any forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results, performance or achievements may differ materially from those expressed or implied in such statements. You should not place undue reliance on forward-looking statements as a number of important factors, many of which are beyond our control, could cause actual results, performance or achievements to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors that relate to our company include, but are not limited to: execution of the business plan; expansion plans; dependence on key personnel; key relationships; dependence on key customers; dependence on key suppliers; competition; market factors and volatility of commodity prices; operating risks; proprietary rights; infrastructure; future capital requirements; technical substitution; exchange rate fluctuations; insurance; weather conditions and natural disasters; control by management; seasonality; dividends; conflicts of interest; global financial conditions; change of law; government sector intervention; foreign investment; repatriation of profit and currency conversion; tax; shareholders’ rights and enforcement judgments; protection of intellectual property rights; permits and business licenses; appropriation. Should one or more of these factors materialize, or should the Company’s estimates or underlying assumptions prove incorrect, actual results, performance or achievements may vary materially from those described in forward-looking statements.

The Company cannot assure readers that actual results, performance and achievements will be consistent with these forward-looking statements, and the differences may be material. The Company undertakes no obligation to update any forward-looking statements except as required by law.

## OVERVIEW

Alphanco Venture Corp. was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on August 1, 2018 and is listed as a capital pool company (“**CPC**”) on the TSX Venture Exchange (the “**Exchange**”) under the symbol “AVC.P”.

In January 2019, the Company filed and had receipted a final prospectus (the “**Prospectus**”) for an initial public offering (the “**IPO**”). As at January 31, 2019, the Company had 2,700,000 issued and outstanding common shares. On February 28, 2019, the Company closed its IPO and issued a total of 4,000,000 common shares at \$0.10 per share for gross proceeds of \$400,000.00. The common shares of the Company effectively commenced trading on the Exchange on March 4<sup>th</sup>, 2019. Canaccord Genuity Corp. acted as agent (the “**Agent**”) for the Company in connection with the IPO. In connection with the agency agreement, the Company paid the Agent an administration fee of \$15,000 and a 10% cash commission equal to 10% of the gross proceeds of the IPO. The Company also granted the Agent warrants to purchase up to 400,000 common shares of the Company exercisable at a price of \$0.10 per share until February 28, 2021.

On closing of the Offering, the Company also granted incentive stock options to its directors and officers to purchase up to 670,000 common shares exercisable at \$0.10 per share expiring on February 28, 2024<sup>[B1]</sup>.

The purpose of the IPO was to provide the Company with a minimum of funds with which to identify and evaluate assets or businesses with a view to completing a “**Qualifying Transaction**” as such term is defined in policy 2.4 of the Exchange (the “**CPC Policy**”). Until the completion of a Qualifying Transaction, the Company will not carry on any other business. The Company has not commenced commercial operations and has no assets other than a minimal amount of cash. As of the date of this MD&A, the Company has not entered into any letter of intent or agreement towards completing a Qualifying Transaction.

## SELECTED FINANCIAL INFORMATION

	<b>3 months ended January 31, 2019</b>	<b>6 months ended January 31, 2019</b>
Total revenues	\$ Nil	\$ Nil
Net loss	16,481	25,813
Loss per share	0.01	0.02
Working capital	109,187	109,187
Total assets	119,215	119,215
Total equity	109,187	109,187

## **RESULTS OF OPERATIONS**

The selected financial information is derived from the financial statements of the Company prepared within acceptable limits of materiality and is in accordance with International Financial Reporting Standards.

At January 31, 2019, total assets were \$119,215 compared to \$129,647 at October 31, 2018. This slight decrease in assets is the result of costs associated with the IPO.

The Company has no operating revenues. No dividends were declared or paid nor are any contemplated.

## **LIQUIDITY AND CAPITAL RESOURCES**

From inception on August 1, 2018 to January 31, 2019, the Company's capital resources were raised by way of the purchase of common shares by the directors and a ten percent (10%) shareholder of the Company pursuant to seed subscription agreements. To January 31, 2019, the Company had raised net cash proceeds of \$135,000 and had working capital of \$109,187. The Company has no assets other than cash deposits and has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants. Management believes the Company has sufficient working capital at this time to meet its current financial obligations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off-balance sheet arrangements.

## **RELATED PARTY TRANSACTIONS**

During the six months ended January 31, 2019, the Company incurred legal fees of \$9,660 to an entity that is controlled by a director of the Company. As of January 31, 2019, \$9,660 is owed to this entity and is presented in accounts payable and accrued liabilities on the Company's statement of financial position at that date.

## **SUMMARY OF OUTSTANDING SHARE DATA**

The Company's issued and outstanding share capital as at the date of this report is as follows:

Authorized: Unlimited common shares without par value.

As at January 31, 2019, the Company had 2,700,000 common shares and no warrants or options issued and outstanding.

As at March 25, 2019, having completed its IPO, the Company has 6,700,000 common shares, 400,000 agent's warrants and 670,000 stock options outstanding.

## CRITICAL ACCOUNTING ESTIMATES

In the application of the Company's accounting policies, which are described in note 3 to the audited financial statements for the period ended October 31, 2018, management is required to make judgments, apart from those requiring estimates, in applying accounting policies. The most significant judgments applying to the Company's financial statements include:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluations assets may not be recoverable.

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options using stock option pricing models, require the input of highly subjective assumptions, including the expected share price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

## **FINANCIAL INSTRUMENTS**

The Company classifies its financial instruments as follows: cash and cash equivalents as fair value through profit or loss and measured at fair value; and trade and other payables as other financial liabilities and measured at amortized cost.

The carrying amount of cash and cash equivalents and accounts payable and accrued liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

### **Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management monitors and manages these exposures to ensure appropriate measures are implemented on a timely basis and in an effective manner.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents. The credit risk with respect to its cash and cash equivalents is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure sufficient cash is available to fund its projects and operations. As at January 31, 2019, the Company had a cash and cash equivalents balance of \$102,715 to settle current liabilities of \$10,028. The Company's financial liabilities include accrued expenses and accounts payable which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate positive cash flows. The Company's primary source of funding has been the issuance of equity securities through private placements. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

#### *Foreign exchange risk*

At January 31, 2019, the Company is not subject to significant foreign exchange risk.

#### *Interest rate risk*

The Company is exposed to interest rate risk arising from the cash and cash equivalents maintained at Canadian financial institutions. The interest rate risk on cash and cash equivalents is not considered significant due to their short-term nature and maturity.

## RISKS AND UNCERTAINTIES

The Company does not have an active business and is currently listed as a CPC on the Exchange. Management is actively pursuing a Qualifying Transaction that will qualify the Company, at a minimum, for listing on Tier 2 of the Exchange. When and what acquisition to be made are uncertainties. As of the date of this MD&A, the Company has not entered into any letter of intent or agreement for possible merger or acquisition.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

### Standard effective for annual periods beginning on or after January 1, 2018

- IFRS 9 *Financial Instruments* - In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (“FVOTCI”) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.
- IFRS 15 - *Revenue from Contracts with Customers* - On May 28, 2014 the IASB issued IFRS 15, “Revenue from contracts with customers”. IFRS 15 will replace IAS 11, “Construction contracts”, IAS 18, “Revenue”, IFRIC 13, “Customer loyalty programmes”, IFRIC 15, “Agreements for the construction of real estate”, IFRIC 18, “Transfers of assets from customers” and SIC 31, “Revenue – barter transactions involving advertising services”. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time; or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2019, or later periods. The Company has not early adopted these new standards in preparing these financial statements. The following pronouncement is considered by the Company to be the most significant of several pronouncements that may affect the financial statements in future periods.

### Standard effective for annual periods beginning on or after January 1, 2019

- IFRS 16 – *Leases* - On January 13, 2016 the IASB issued IFRS 16, “Leases”. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting

model have been impacted, including the definition of a lease.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16.

The extent of the impact of adoption of these above standards on the financial statements of the Company is not expected to be significant.

## **DISCLOSURE CONTROLS**

In connection with Exemption Orders issued by each of the securities commissions across Canada, the Chief Executive Officer and Chief Financial Officer of the Company will file a Venture Issuer Basic Certificate with respect to the financial information contained in the audited annual and interim financial statements and respective accompanying Management's Discussion and Analysis.

In contrast to the certificates under National Instrument ("NI") 52-109 (Certification of Disclosure in an Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting as defined in NI 52-109.

There have been no changes in the Company's internal controls over financial reporting during the six months ended January 31, 2019 that have materially affected, or are reasonably likely to materially affect, its controls over financial reporting.

## **ADDITIONAL INFORMATION**

Additional information is available concerning the Company and its operations on SEDAR at [www.sedar.com](http://www.sedar.com).

## **APPROVAL**

The Board of Directors of the Company has approved the contents of this management discussion and analysis as of March 28, 2019. A copy of this MD&A together with the Company's unaudited interim financial statements for the six months ended January 31, 2019 and the Company's audited financial statements for the period ended October 31, 2018 will be provided upon request.