

MG Capital Corporation

(A Capital Pool Corporation)

Management Discussion and Analysis

For the Three month and Nine month Periods ended September 30, 2018

November 8, 2018

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of MG Capital Corporation (“the Corporation”) is prepared for the period from January 1, 2018 to September 30, 2018 and should be read in conjunction with the Corporation’s unaudited condensed interim financial statements for the period ended September 30, 2018 and the audited financial statements of the Corporation from the Date of Incorporation to December 31, 2017 including the notes thereto. All figures contained in this MD&A are presented in Canadian dollars.

Forward-looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements, other than a statement of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of the words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. All forward-looking statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

Description of Business

MG Capital Corporation was incorporated under the Alberta Business Corporations Act on November 9, 2017 (the “Date of Incorporation”) and applied for status as a Capital Pool Corporation, as defined in the Policy 2.4 of the TSX Venture Exchange (the “Exchange”). The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”). The Corporation’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition or business will be subject to the approval of the Exchange and in case of a non-arm’s length transaction, of the majority of the Corporation’s minority shareholders. The Corporation is required to complete its QT on or before two years from the date the Corporation’s common shares were listed for trading on the Exchange.

Where a QT has been identified, the ability of the Corporation to complete the transaction may require additional funding. There is no assurance that the Corporation will be successful in obtaining any additional funding. If the Corporation does not complete a QT within two years from the date the Corporation's common shares were listed for trading on the Exchange, the Exchange may suspend or delist the Corporation's common shares from trading.

The Corporation completed its initial public offering of common shares ("IPO") on April 30, 2018. Under the terms of an agency agreement with Leede Jones Gable Inc. (the "Agent"), the Corporation issued 2,500,000 common shares at \$0.10 per share for gross proceeds of \$250,000. Net of commissions and expenses of the Agent, the Corporation received proceeds of \$214,599 on completion. The common shares of the Corporation began trading under the symbol MGX.P on the TSX Venture Exchange (TSX-V) on May 3, 2018.

The registered head office of the Corporation is located at 1900, 520 – 3rd Street, Calgary, Alberta, T2P 0R3.

On November 8, 2018, the Board of Directors of the Corporation approved the financial statements for the three month and nine month periods ended September 30, 2018.

Summary of Quarterly results

	September 30, 2018	June 30, 2018	March 31, 2018	December 31, 2017
Total assets	\$ 268,436	\$ 271,724	\$ 186,934	\$ 150,355
Total expenses	\$ 7,638	\$ 142,766	\$ 5,949	\$ 169
Net loss	\$ (7,427)	\$ (142,594)	\$ (5,858)	\$ (145)
Basic net loss per share	\$ 0.00	\$ (0.04)	\$ 0.00	\$ 0.00
Diluted net loss per share	\$ 0.00	\$ (0.03)	\$ 0.00	\$ 0.00

Results of Operations

The Corporation recorded a net loss of \$7,427 during the three months ended September 30, 2018 and a net loss of \$155,879 during the nine months ended September 30, 2018. The net loss for the current period is comprised of accounting and audit fees, transfer and listing fees and other minor expenses. The Corporation has also been earning interest income on its cash balances.

During the current quarter, the Corporation reviewed several business opportunities to identify a potential QT, but to date no definitive agreements have been entered into.

Net and Comprehensive Loss

At September 30, 2018, the Corporation had not yet achieved profitable operations and had incurred accumulated losses of \$156,024 since inception. These losses resulted in a net loss per share (basic and diluted) of \$0.00 for the three months ended September 30, 2018 and a net loss per basic share of \$0.04 and net loss per diluted share of \$0.03 for the nine months ended September 30, 2018.

Liquidity and Capital Resources

As at September 30, 2018, the Corporation had cash of \$264,373. The Corporation had current liabilities of \$5,639 and working capital of \$262,797.

The net cash used-in operating activities for the three months ended September 30, 2018 was \$3,818 and the net cash used in operating activities for the nine months ended September 30, 2018 was \$95,757. This is primarily due to expenses relating to filing fees, audit fees and other costs associated with the issuance of the IPO and listing the common shares on the Exchange.

The Corporation has financed its operations to date through the issuance of common shares. From the Date of Incorporation to the date hereof, the Corporation has raised gross proceeds of \$400,500 from the issuance of common shares. The Corporation continues to seek capital through various means which may include the issuance of equity.

Outstanding Share Data

As of the date of this MD&A, the Corporation has 5,510,000 common shares issued and outstanding.

As at December 31, 2017, the Corporation had issued 3,010,000 common shares to the initial shareholders of the Corporation for gross proceeds of \$0.05 each. All of these shares are subject to the escrow provisions of the Exchange and will only be released from escrow on a periodic basis after the completion of a QT.

Pursuant to the terms of the IPO, the Corporation issued 2,500,000 common shares at \$0.10 per share for gross proceeds of \$250,000 on April 30, 2018. The common shares commenced trading on the Exchange on May 3, 2018.

On April 30, 2018, the Corporation issued 540,000 Stock Options to directors of the Corporation to purchase common shares for \$0.10 each. These options expire five years from the date of issuance. The Corporation also issued 250,000 Stock Options to the Agent, pursuant to the terms of the agency agreement, to purchase common shares at \$0.10 per share which expire two years from the date of issuance.

Summary of share data

	September 30, 2018	December 31, 2017
Common shares	5,510,000	3,010,000
Agent's options	250,000	-
Director's options	540,000	-
Fully diluted shares	6,300,000	3,010,000

Related Party Transactions

Other than the issuance of common shares or the reimbursement of expenses, there were no transactions with related parties and no remuneration was paid to key management personnel during the periods ended September 30, 2018 and December 31, 2017.

Capital Management

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern, in order to provide returns for the shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of issued common shares, in the definition of capital.

The Corporation's primary objective, with respect to its capital management, is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions qualifying as a QT. To secure the additional capital necessary to pursue this objective, the Corporation may attempt to raise additional funds through the issuance of equity and by securing strategic partners.

Fair Values and Risk Disclosures

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. Certain of the Corporation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The Corporation's fair value measurements are classified as one of the following levels of the fair value hierarchy:

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair value of cash, the GST receivable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

Credit Risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's cash and GST receivable. The carrying amount of cash and the GST receivable represent the maximum credit exposure to the Corporation. The Corporation manages credit exposure related to cash by selecting financial institution counterparties with high credit ratings. The GST receivable may be reimbursed on a timely basis by the Government of Canada subject to applicable filings and assessment.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Corporation has accounts payable and accrued liabilities of \$5,639 at

September 30, 2018 and has cash balances in excess of this amount. Accordingly, the Corporation does not have significant exposure to liquidity risk as at that date.

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 commodity and equity prices. The Corporation does not have significant exposure to these risks.

Critical Accounting Estimates

The Corporation's significant accounting policies are summarized in in Note 2 to the audited financial statements of the Corporation for the period from the Date of Incorporation to December 31, 2017.

Accounting Standards Issued

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014 and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model based for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 was adopted by the Corporation beginning on January 1, 2018 and had no impact on the financial statements.

Additional Information

For further details, see the Corporation's unaudited condensed interim financial statements for the period ended September 30, 2018 which should be read in conjunction the audited financial statements of the Corporation from the Date of Incorporation to December 31, 2017 including the notes thereto. Copies of the IPO and other material agreements and disclosure documents of the Corporation are available at sedar.com and interested parties are encouraged to visit this site for the most up-to-date information regarding the Corporation.