



**PROSMART ENTERPRISES INC. (formerly Sora Capital Corp.)**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2017**

# ProSmart Enterprises Inc. (formerly Sora Capital Corp.)

Management's Discussion and Analysis

Nine months ended June 30, 2017

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*Set out below is a review of the activities, results of operations and financial condition of ProSmart Enterprises Inc. (the "Company") for the three and nine month period ended June 30, 2017. The discussion below should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine month period ended June 30, 2017 and the audited consolidated financial statements for the year ended September 30, 2016. These consolidated financial statements are the responsibility of management and are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All dollar figures included in the following Management Discussion and Analysis ("MD&A") are quoted in Canadian dollars unless otherwise indicated. This MD&A has been prepared as at **August 28, 2017**. The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario in Canada and is listed on the Canadian Stock Exchange under the symbol PROS. Additional information related to the Company, is available on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's websites are at [www.prosmartinc.com](http://www.prosmartinc.com), and [www.rosterbot.com](http://www.rosterbot.com).*

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## 1. BACKGROUND AND CORE BUSINESS

ProSmart Enterprises Inc. (formerly Sora Capital Corp.) (the "Company") is an investment company in the sports technology sector. The Company's investment strategy focuses on emerging companies, more specifically, companies with consumer facing products and services with revenue models, including subscriptions, transaction service fees, and targeted advertising within the sports industry.

The Company was incorporated under the laws of the State of Nevada on October 29, 1999. On January 27, 2009, the Company was continued from the State of Nevada to the Province of British Columbia under the Business Corporation Act. On July 12, 2017, the Company changed its name from Sora Capital Corp. to ProSmart Enterprises Inc.

The Company has made two significant acquisitions of sports technology companies being; RosterBot Inc, and most recently, ProSmart Sports Development Inc.

### *RosterBot Inc. ("RosterBot")*

RosterBot provides a globally-scalable team and league management platform. Over the past year, RosterBot has introduced a number of new features including WebCal/iCal schedule importer, "Chirp" instant messaging, printable rosters, enhancement to swipe photos, a revamped payment system, CSV schedule importer, "Find A Team" locator, and a complete events dashboard design.

The impact of these and other advances made to the platform, both on desktop and mobile, is being realized as new registered users and teams continue to grow, with usage now in over 100 countries.

What is particularly noteworthy is, while experiencing this rapid growth, users have remained highly positive resulting in a 90-per-cent-plus user satisfaction rating and an 80-per-cent-plus year-over-year retention rate. Both the iOS and Android applications continue to perform well in their respective stores with each application receiving high ratings.

RosterBot's business model involves developing subscription based opportunities as well as revenue from payment processing, targeted advertising and monetizable data.

RosterBot looks forward to a promising year ahead with continued improvements to the platform, the implementation of new features and a continued focus on business development opportunities and user growth.

### *ProSmart Sports Development Inc. ("PSD")*

PSD provides a globally-scalable web-based sports platform, combining best-in-class player, coaching and team development content. PSD's objective is to be the leading media, data and social marketplace engine that powers youth, recreational and professional communities globally.

PSD's platform supports coaches, managers, teams, players and families in over 1,500 registered governing bodies and associations spanning 42 different countries. PSD currently focuses on ice hockey and soccer (football) and is looking to expand across multiple sports verticals all around the world.

PSD's platform empowers sponsors, corporations, professional leagues, teams and organizations to engage PSD's community members. PSD's business model involves developing eight separate revenue streams that include; product discounting, promotions, user-generated content programs, sponsorship, targeted advertising, branded content and monetizable data.

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By consolidating all stakeholders in this industry (associations and governance groups, leagues, teams, players, parents, coaches, managers, schools, academies, professional clubs, corporate brands, charitable causes, media companies, and recognizable sports figures) into a networked on-line sports community, PSD is positioning itself as a leader in a globally integrated sports marketplace. PSD is focused on 1) the development of both the player and the relative sport, and 2) aggregating the communities that touch youth and recreational sports.

Similar to RosterBot, PSD looks forward to a promising year ahead with continued improvements to the platform, the implementation of new features and a continued focus on BD opportunities and user growth.

### *Investee Company Synergies*

Management's investment strategy has been refined to the sports technology market over the last year. Its strategy incorporates assessing synergistic attributes of its investee companies and utilizing those synergies in order to mutually promote each company's respective product offering, as well as the potential to earn other efficiencies in areas such as human capital and streamlining processes.

Management will coordinate activities of each investee company to support mutual growth including the potential development of connective IP to augment those activities.

### *Sports Technology Marketplace*

The global youth and recreational sports industry is made up of over 1 billion athletes who participate in a variety of sports. This industry encompasses the daily activity of hundreds of millions of families, either as active players, supporters or fans. In the background, the sports software industry is massively fragmented, driven by a highly passionate user/customers base, delivering consistently high year-over-year growth rates for the past several years.

The ability to drive user growth is extremely challenging due to the narrow scope of the platforms/solutions available. The Company sees an opportunity to consolidate youth and recreational sports industry participants into a financially sustainable and globally-scalable sports marketplace by providing a cohesive suite of synergistic resources across its investee companies.

## **2. COMPANY HIGHLIGHTS DURING THE THIRD QUARTER OF FISCAL 2017**

- The Company recorded:
  - Losses of
    - \$706,272 for the three months ended, and;
    - \$1,242,491 for the nine months ended.
  - Fully diluted loss per share of :
    - \$0.01 for the three months ended, and;
    - \$0.03 for the nine months ended.
- The Company purchased 100% of the issued and outstanding common shares of PSD through the execution of a share exchange agreement ("**SEA**") and issuance of 35,902,030 common shares of the Company at a fair value of \$0.19 per common share for an aggregate cost of \$6,821,386.
- With the acquisition of PSD, the Company recorded a fair value of the web platform at \$9,529,248. Management has used their best efforts and judgement to estimate the value of the platform, but recognizes that this value will be reassessed for reasonableness at yearend and that the value may be adjusted at that time.
- Company closed two non-brokered private placement, whereby the Company issued:
  - 7,500,000 common shares were issued at a price of \$0.10 per common share for gross proceeds of \$750,000. In connection with the offering, the Company paid a cash commission of \$9,357 and issued 54,750 finder's warrants. Each finder's warrant entitles the finder to acquire a share at an exercise price of \$0.20 per share until December 22, 2017, and;

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- 10,250,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$2,050,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire an additional ½ common share at a price of \$0.40 per common share until June 6, 2018. In connection with the offering, the Company paid a cash commission of \$42,000 and issued 210,000 finder's warrants. Each finder's warrant entitles the finder to acquire a share at an exercise price of \$0.40 per share until June 6, 2018.
- Company acquired the remaining 7,109,906 outstanding shares of RosterBot by way of issuance of 5,687,925 common shares valued at \$910,068.
- Issued 2,208,133 common shares of the Company on the conversion of \$386,423 of accounts payable to equity.
- The Company continues to hold 330,000 shares of HelpHub Services Inc. even though it has written off the investment. Management is currently assessing its strategic options in relation to this investment.

With the acquisition of PSD, the Company announced a number of changes in senior management and the board of directors:

- Alan Schuler and Myles McGovern have agreed to join the Board of Directors, effective June 14, 2017. Resigning from the board are David Miller and Gregory Stanway, effective on the same date;
- James Mutter and Alex Rothwell have agreed to join the Board of Directors, effective June 23, 2017. Resigning from the board is Larry Timlick effective on the same date. James Mutter is a senior corporate commercial business lawyer with a wide range of business experience including co-founding software and manufacturing companies. Alex Rothwell has over 20 years of experience in the capital markets across a broad range of industries;
- Alan Schuler has been appointed Chief Executive Officer of the Company, replacing Paul Reinhart, who becomes the Executive Chairman of the Board, and;
- Darren Battersby has been appointed Chief Financial Officer of the Company, replacing Justin Blanchet effective June 23, 2017.

### 3. FINANCIAL POSITION

	As at June 30, 2017	As at September 30, 2016
<b>Consolidated Summary of Financial Position</b>		
Cash and cash equivalents	\$ 897,007	\$ 5,487
Current assets	971,268	20,393
Software and platform development	9,492,855	291,000
Total assets	10,524,123	386,393
Current liabilities	671,456	1,005,293
Total liabilities	2,575,762	1,080,293
Shareholder' equity/(deficiency)	7,948,361	(693,900)
Working capital (deficiency)	\$ 299,812	\$ (984,900)

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### 3.1 Statement of Loss and Comprehensive Loss

	Three months ended		Nine Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
<b>EXPENSES</b>				
Amortization of software and platform development costs	\$ 284,101	\$ -	\$ 322,901	\$ -
Filing and other fees	46,110	2,813	78,506	48,281
General and administrative	68,728	20,246	93,710	47,215
Interest expense	-	-	-	5,660
Investor relations	47,334	-	210,986	1,543
Management and consulting fees	6,491	129,486	44,491	375,569
Professional fees	151,019	32,933	187,041	80,384
Software and platform development	155,183	-	357,550	-
	<b>(758,966)</b>	<b>(185,478)</b>	<b>(1,295,185)</b>	<b>(558,652)</b>
<b>OTHER ITEMS</b>				
Foreign exchange	-	71	-	(89)
Impairment of goodwill	(5,000)	-	(15,000)	-
Loss from investment in associate - HelpHub	-	(21,069)	-	(60,487)
Gain on write-off of debts	-	49	-	17,165
<b>Loss before taxes</b>	<b>(763,966)</b>	<b>(206,427)</b>	<b>(1,310,185)</b>	<b>(602,063)</b>
Deferred income tax recovery	57,694	-	67,694	-
<b>Loss and comprehensive loss for the period</b>	<b>\$ (706,272)</b>	<b>\$ (206,427)</b>	<b>\$ (1,242,491)</b>	<b>\$ (602,063)</b>
<b>Loss and comprehensive loss for the period attributed to:</b>				
Owners of the Company	\$ (706,272)	\$ (126,827)	\$ (1,139,003)	\$ (348,634)
Non-controlling interest	-	(79,600)	(103,488)	(253,429)
	<b>\$ (706,272)</b>	<b>\$ (206,427)</b>	<b>\$ (1,242,491)</b>	<b>\$ (602,063)</b>
<b>Loss per share</b>				
- basic	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)
- diluted	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.03)
<b>Weighted average number of shares outstanding</b>				
- basic	48,043,897	23,254,677	35,479,428	21,607,294
- diluted	48,543,897	23,254,677	35,979,428	21,607,294

### 3.2 Results of Operations for the three month period ended June 30, 2017

The loss for the three months ending June 30, 2017 was \$706,272 (2016 – \$206,427). Individual items contributing to this increase in the net loss are as follows:

- Amortization was \$284,101 (2016 - \$Nil) as the Company has been amortizing its software development late last year. The increase is due to acquisitions of RosterBot software and PSD web platform.
- Investor relations costs increased to \$47,334 (2016 - \$Nil). This includes investor relations costs for the Company and the increase is due to level of activity with the private placement and acquisition during the period.
- Software development costs were \$155,183 (2016 - \$Nil) as the Company develops the RosterBot app and PSD web platform.

Overall, the results of operations for the three month period ending June 30, 2017 are difficult to compare to the three months ended June 30, 2016 due to the fact that there were minimal operations in 2016 and the Company had not completed the acquisitions of RosterBot and PSD. As such, there is minimal discussion comparing the two periods.

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### 3.3 Results of Operations for the nine month period ended June 30, 2017

The loss for the nine month period ending June 30, 2017 was \$1,242,491 (2016 – \$602,063). Individual items contributing to this increase in the net loss are as follows:

- Amortization was \$322,901 (2016 - \$Nil) as the Company has been amortizing its software development late last year. The increase is due to acquisitions of RosterBot software and PSD web platform.
- Investor relations costs increased to \$210,986 (2016 - \$1,543). This includes investor relations costs for the Company and the increase is due to level of activity with the private placements and acquisitions during the period.
- Software development costs were \$357,550 (2016 - \$Nil) as the Company develops the RosterBot app and PSD web platform.

Overall, the results of operations for the nine month period ending June 30, 2017 are difficult to compare to the nine months ended June 30, 2016 due to the fact that there were minimal operations in 2016 and the Company had not completed the acquisitions of RosterBot and PSD. As such, there is minimal discussion comparing the two periods.

### 3.4 Cash flows for the nine month period ended June 30, 2017

Cash outflows from operating activities increased to \$972,284 (2016 – \$558,741) primarily as a result of software and platform development, professional fees and investor relations costs.

Cash inflows from financing activities increased to \$2,502,129 (2016 - \$367,222) as the Company was active in raising funds, purchasing shares from RosterBot shareholders and returning to treasury, and loan repayments.

Cash outflows from investing activities increased to \$526,391 (2016 - \$Nil) as the Company advanced funds to PSD prior to the acquisition of the company.

### 3.5 Summary of Quarterly results

000's of dollars, except per share figures	Quarter ended							
	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Total revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loss and comprehensive loss	(706)	(251)	(285)	(718)	(206)	(198)	(1,074)	(194)
Loss per share - basic	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.08)	\$ (0.01)
Loss per share -diluted	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.08)	\$ (0.01)

### 3.6 Financial Position

The improvement of the Company's working capital position of \$299,812 (September 30, 2016 - \$(984,900)) and its increase in cash to \$897,007 (September 30, 2016 - \$5,487) is result of the proceeds raised from two private placements net of the short-term loan and accounts payable payments that occurred during the period.

Prepaid expenses and advances increased to \$9,073 (September 30, 2016 - \$2,835) and is primarily due to the Company prepaying for corporate insurance.

Software development costs of \$9,492,855 (September 30, 2016 - \$291,000) is the acquired software and platform development through the acquisition of RosterBot and PSD. Per management's assessment of the fair value of the assets transferred upon the acquisition of PSD, the Company recognized \$9,529,248 in web platform and a \$1,897,000 deferred income tax liability related to development costs of the PSD web platform.

Goodwill of \$60,000 (September 30, 2016 - \$75,000) relates to the acquisition of RosterBot. Goodwill is impaired over the life of the software development.

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Accounts payable and accrued liabilities decrease to \$534,985 (September 30, 2016 - \$691,883). The decrease is the result of the Company paying down payables with funds raised during the period.

### **4. LIQUIDITY AND CAPITAL RESOURCES**

At June 30, 2017, the Company had a working capital of \$299,812, including cash of \$897,007 as compared to a working capital deficiency of \$984,900, including cash of \$5,487 at September 30, 2016. The improvement of working capital is due to the closing of two private placements which raised \$2,800,000 and the conversion of \$386,423 of accounts payable and loans to common shares.

The Company's continued development is contingent upon its ability to raise sufficient financing both in the short and long-term. There are no guarantees that additional sources of funding will be available to the Company; however, management is committed to pursuing all possible sources of financing in order to execute its business plan.

### **5. RELATED PARTY TRANSACTIONS**

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

- a) Paid or accrued salaries for the current CEO of the Company and COO of a subsidiary of the Company in the amount of \$5,682 (2016 - \$Nil) and \$5,682 (2016 - \$Nil) respectively;
- b) Paid consulting fees of \$8,000 (2016 - \$Nil) to a company the current CFO controls;
- c) Paid professional fees for the provision of legal services of \$39,004 (2016 - \$Nil) to a law firm that a director of the Company practices through;
- d) Paid management fees of \$38,000 (2016 - \$90,000) and issued 1,016,875 common shares to retire \$81,551 of loans and \$87,299 of accounts payable to a company controlled by the former CEO and current director of the Company;
- e) Paid professional fees of \$25,500 (2016 - \$32,481) and issued 174,068 common shares to retire \$30,462 of account payable to a company of which the former CFO of the Company is a director;
- f) Paid management fees of \$60,582 (2016 - \$Nil) and issued 181,316 common shares to retire \$30,462 of accounts payable to a company controlled by the former CEO of RosterBot and former director of the Company which included numerous staff that allocated their time to the Company, and;
- g) Paid management fees of \$9,000 (2016 - \$Nil) and issued 18,257 common shares to retire \$3,195 of accounts payable to a company controlled by a former director of the Company.

As at June 30, 2017, \$23,318 (2016 - \$35,693) is due to related parties and included in accounts payable and accrued liabilities. In addition, the Company has loans payable of \$83,854 (2016 - \$310,500) due to related parties of the Company.

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### **6. CAPITAL EXPENDITURES**

The Company monitors its capital assets on a continual basis and replenishes on an as needed basis. In the upcoming year, the Company will be adding staff and will be required to make some purchases of computers and office equipment.

In addition, the Company will continue to develop both RosterBot's software and PSD's platform capabilities and video content. Expenditures in these regards are budgeted and closely monitored in relation to the capital resources on hand.

### **7 STOCK ISSUANCES**

During the nine months ended June 30, 2017, the Company:

- Completed a non-brokered private placement whereby 7,500,000 common shares were issued at a price of \$0.10 per common share for gross proceeds of \$750,000. In connection with the offering, the Company paid a cash commission of \$9,357 and issued 54,750 finder's warrants. Each finder's warrant entitles the finder to acquire a share at an exercise price of \$0.20 per share until December 22, 2017;
- Issued 5,687,925 common shares with a fair value of \$0.16 each in exchange for 7,109,906 common shares of its subsidiary, RosterBot. The Company recognized a loss attributed directly to reserves of \$1,257,861 related to this transaction;
- Issued 35,902,030 at a fair value of \$0.19 per common shares on the acquisition of PSD;
- Issued 2,208,133 shares as a deemed price of \$0.175 on the conversion of \$386,423 of debt, and;
- Completed a non-brokered private placement whereby 10,250,000 units were issued at a price of \$0.20 per unit for gross proceeds of \$2,050,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable to acquire an additional ½ common share at a price of \$0.40 per common share until June 6, 2018. In connection with the offering, the Company paid a cash commission of \$42,000 and issued 210,000 finder's warrants. Each finder's warrant entitles the finder to acquire a share at an exercise price of \$0.40 per share until June 6, 2018.

### **8. COMMITMENTS AND CONTINGENCIES**

From time to time, certain claims, suits, and complaints may arise in the ordinary course of operations against the Company. In the opinion of management, any provisions related to such claims, if any, will be accrued when the claims meet the recognition criteria for contingent liabilities. Management is not aware of any unrecorded material contingent liabilities which require recording in the financial statements for the period ended June 30, 2017.

### **9. OUTSTANDING SHARE DATA**

At the date of this report the Company has 84,952,765 issued and outstanding common shares, 1,458,500 outstanding stock options and 12,114,750 outstanding warrants.

In addition, there are 15,110,000 common shares held in escrow and 21,336,388 held under a voluntary pooling agreement for a total of 36,446,388 common shares that are restricted from trading.

### **10. OFF BALANCE SHEET ARRANGEMENTS**

At June 30, 2017, the Company had no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

### **11. PROPOSED TRANSACTIONS**

The Company has no proposed transactions.

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### 12. CRITICAL ACCOUNTING ESTIMATES

The preparation of the June 30, 2017 condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the year. Actual results could differ from these estimates. Refer to Note 2 of the Company's consolidated financial statements for the year ended September 30, 2016 for more information on the use of estimates and judgements.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

#### *Critical accounting estimates*

- i. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

#### *Critical accounting judgments*

- i. The acquisition of RosterBot and PSD required judgments and estimates to be made at the date of acquisition in relation to determining asset and liability fair values and the allocation of the purchase consideration over the fair value of the assets and liabilities. Management is required to make certain judgments regarding future events, future operating costs and capital expenditures. Changes to the provision measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the acquisition date.
- ii. The determination that the Company will continue as a going concern for the next year.

### 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Cash and marketable securities are carried at fair value using a level 1 fair value measurement. The carrying value of receivables and accounts payable and accrued liabilities approximated their fair value because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

#### **Financial risk factors**

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 potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions. Receivables mainly consist of Goods and Service Tax receivable from the government of Canada.

#### *Liquidity risk*

The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due. As at June 30, 2017, the Company had a cash balance of \$897,007 (September 30, 2016 - \$5,487) to settle current liabilities of \$671,456 (September 30, 2016 - \$1,005,293). All of the Company's accounts payable and accrued liabilities

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have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating alternative financing opportunities.

### *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. We do not have a practice of trading derivatives.

#### a) Interest rate risk

The Company's financial assets exposed to interest rate risk consist of cash balances. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As at June 30, 2017, the Company did not have any investments in investment-grade short-term deposit certificates.

#### b) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies. The Company has no investments or significant revenues or expenses outside of Canada and therefore considers this low risk.

#### c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

## **14. RISK FACTORS**

Prior to making investment decision investors should consider the investment risks set out below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of the Company consider the risks set out below to be the most significant to potential investors in the Company, but are not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware, or which they consider not to be material in relation to the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

### *Potential Acquisitions and Investments*

The Company expects to continue acquiring or investing in businesses, products and technologies that expand or complement the Company's current business, products and services. Such acquisitions or investments may involve significant commitments of financial or other resources of the Company. There can be no assurance that any such acquisition or investment can be satisfactorily financed or, if acquired, will generate revenue, income or other returns for the Company, or that financial or other resources committed to such activities will not be lost. Such activities could also place additional strains on the Company's administrative and operational resources and its ability to manage growth.

### *Financial Condition, Liquidity, and Requirements Outlook*

The Company's cash balance and working capital position are not adequate to sustain the Company's existing operations. If the Company is unable to continue to raise capital from issuances of shares, loans or by other means, its cash and working capital position could be affected.

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### *Major Contracts*

The Company has and may enter into major contracts that are complex and have several delivery milestones. These contracts are often subject to delay, change, revision and renewal. There is no guarantee that the Company can complete all activities on time and on budget and that the funding available will be adequate to meet adjustments to the contract. Failure by the Company to fulfill such contracts on a timely basis is a significant risk to the Company.

### *Risk to Reputation*

Reputation is a critical asset in the investment industry. Potential damage to that reputation is a significant risk for the Company. Any of the risks identified herein could damage the Company's reputation, which in turn, could result in a lack of client or employee confidence, legal liability and difficulties in raising capital.

### *Risks Related to Investments*

The Company intends to expand its operations and business by investing in additional businesses, products or technologies. Investments may involve a number of special risks, including diversion of management's attention, failure to retain key personnel, unanticipated events or circumstances, and legal liabilities. In addition, there can be no assurance that the businesses, products or technologies, if any, will achieve anticipated revenues and income. Investments could also result in potentially dilutive issuances of equity securities. The failure of the Company to manage its investment strategy successfully could have a material adverse effect on the Company's business, results of operations and financial condition.

### *Dependence on Key Personnel*

The success of the Company is largely dependent on the performance of its key senior management employees. Failure to retain key employees and to attract and retain additional key employees with necessary skills could impact the Company's growth and profitability. The Company's progress to date in commercializing its proprietary products has been dependent, to a significant extent, on the skills of its senior management. The departure or death of certain members of the executive team could have an adverse effect on the Company. The Company has experienced changes in its management personnel and further changes may occur in the future. The Company may face transitional difficulties in connection with these changes, and there can be no assurance that the Company will be able to attract and retain highly-skilled and qualified personnel to replace employees who leave the Company.

### *Industry Growth*

There can be no assurance that the market for the Company's existing products will continue to grow or that the Company will be successful in independently establishing markets for its products. If the markets in which the Company's products compete fail to grow or grow more slowly than the Company currently anticipates, or if the Company is unable to establish markets for its new products, the Company's operating results and financial condition could be adversely affected.

### *Economic Slowdown*

From time to time markets have witnessed the weakening of global macro-economic conditions. This weakness could have adverse effects on the investments of the Company's ability to continue as a going concern.

### *Management of Future Growth and Expansion*

Planned expansion of the Company's business and its future success will depend on its ability to manage growth as it expands its products and marketing capacities, which may place a significant strain on the Company's management resources, employees and operations, as well as its ability to finance such growth. To manage growth effectively, the Company will be required to continue to implement changes in certain aspects of its business, expand its operations, and develop, train, manage and assimilate an increasing number of management-level and other employees. If management is unable to manage growth effectively, the Company's business, prospects, financial condition and operating results could be affected. The Company does not have a history of business operations and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

## **ProSmart Enterprises Inc. (formerly Sora Capital Corp.)**

Management's Discussion and Analysis

Nine months ended June 30, 2017

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### *Legislative, Insurance, Compliance Costs, Regulatory Action and Environment*

To comply with various increasing and complex regulatory reporting and standards involves significant cost. Changes to securities regulatory standards, account policy, and compliance reporting could place an additional expense burden on the Company. Insurers may increase premiums as the Company's business continue to grow so future premiums for the Company's insurance policies, including directors' and officers' insurance policies, could be subject to increase.

## **15. INFORMATION REGARDING FORWARD LOOKING STATEMENTS**

This Management's Discussion and Analysis of Financial Condition and Results of Operations contain certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the prices of gold and other metals, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, Government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or statements that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown 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 the forward-looking statements. Such risks and uncertainties include, among others; the actual results of current exploration activities, conclusions or economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or incompleteness of development or construction activities, risks relating to the integration of acquisitions, to international operations, and to the prices of gold and other metals. While the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.